

Private Old Age Pensions
A Study of
Corporate Needs and Social Welfare

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ABSTRACT

Into the nineteenth century most older workers were well integrated into productive activity. Family, property, farming, crafts, community, and almshouses provided a basis for support throughout life. It was not expected that people would live out their lives in industrial employment. Means were developed to deal with the relatively few cases which were problems. Reduced work, reduced pay, informal gratuities, and firing were all viable in early industrial employment.

By the late nineteenth century the employment of older workers had become a problem. "Superannuation in industry" emerged from changes in the organization and conditions of employment, changes in the character of work, increasing dependence on industrial work as lifetime support, and changing ideas about older people and aging.

Old practices became inadequate. Reduced work and wages were precluded by integrated production and efficiency criteria, large scale (less personalized) work organizations, and the notion of a hidden pension. Informal gratuities were precluded by large scale (less personalized) work organizations. Firing was precluded (as a general means) because the corporations were not simply free to do as they pleased: there were reform pressures and the general problem of old age dependence, the necessity to deal with labor, and a sense of corporate responsibility.

Outside industry new practices were tried but were either inadequate or unacceptable. Thrift schemes were acceptable to business but they did not work. Some unions set up plans. The success of these plans depended on big unions, whose development was opposed by business in some cases. Union plans were also a source of union strength and worker independence (from employers), both of which made the union plans unacceptable. State plans were proposed and a few set up but much of big business opposed these plans for fear of state intervention in labor relations and of socialism.

Within industry there were reasons for business to undertake a solution. Pensions were consistent with other aspects of corporate concern and practice. Company plans could weaken or prevent unionism. They

could help stabilize the labor force. They were consistent with other formal, bureaucratic practices and forms being adopted. They were consistent with corporate welfare measures the companies were already applying to these problems.

Company pensions came first to railroading because railroading led the way in modern corporate industrial forms and problems. Other industries followed. The context in which these pension plans were set up and the needs of the corporations are reflected in the plans' provisions.

Thesis Supervisor: Robert M. Fogelson, Professor of History and Urban Studies

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"Who controls the past," ran the Party slogan, "controls the future: who controls the present controls the past."

Orthodoxy means not thinking--not needing to think. Orthodoxy is unconsciousness.

George Orwell, 1984

"You know I hate, detest, and can't bear a lie, not because I am straighter than the rest of us, but simply because it appalls me. There is a taint of death, a flavour of mortality in lies--which is exactly what I hate and detest in the world --what I want to forget."

Joseph Conrad, Heart of Darkness

. . . this fragmentation of the object of production necessarily entails the fragmentation of its subject. In consequence of the rationalisation of the work-process the human qualities and idiosyncrasies of the worker appear increasingly as mere sources of error when contrasted with these abstract special laws functioning according to rational predictions. Neither objectively nor in his relation to his work does man appear as the authentic master of the process; on the contrary, he is a mechanical part incorporated into a mechanical system. He finds it already pre-existing and self-sufficient, it functions independently of him and he has to conform to its laws whether he likes it or not.

Georg Lukacs, History and Class Consciousness,
trans. Rodney Livingstone (Cambridge, MA:
MIT Press, 1968), pp. 88-91.

I

INTRODUCTION

Until the last quarter of the nineteenth century in the United States old age pensions in private employment were essentially impossible to discuss: the conditions of the need for them had not been created and any employer who routinely paid employees of any age for any reason not to work would be thought a fool. By the turn of the century private employers had set up old age pension plans and by 1930 the dominant firms in major industries (outside agriculture) had adopted plans. Underlying this change in practice were changing ideas about old age, dependency, employment, and business, changing practices in employment, property holding, family structure, relief, and the techniques and organization of production, and changing needs and interests of business, workers, the un-

employed, the dependent, the aged. How did these changes in ideas, practice, and needs and interests constitute a context for and shape the introduction of old age pensions in private employment?

While this question is--to some of us--quite fascinating in itself, it is of particular interest in this decade, when, as in the 1920s, the welfare of older people and the problems of old age pensions are among the primary social welfare issues discussed and addressed. Major Congressional legislation in 1974 ended more than a decade of study of the problems of old age pensions. That legislation, the Employees' Retirement Income Security Act, was again a beginning as publicity surrounding the legislation and mandates issuing from it raised further questions and made more public the scope and magnitude of the problems. In the context of such pressing concerns reflection on the origins of private old age pension practices might prove insightful.

A century has passed since the Baltimore and Ohio Railroad set up this country's first formal old age pension plan. In that time old age income security provisions for private workers in the United States have changed considerably. Federal Social Security is perhaps the most striking development. But within the limited arena of private pensions much has changed. By 1973 about 46 percent of all full-time private sector employees were covered by private pension plans. Between 1880 and World War II the only regulation of pension management came from administrative regulations of corporate income tax laws. Since the war industry-wide, union negotiated pension agreements covering workers in basic industries and major national unions have occasioned further intervention directly in pension affairs. These reforms have been of two basic kinds:

reforms to protect the rights of workers and reforms to regulate the investment of capital.

In 1948 in Inland Steel Company vs. the United Steel Workers, the National Labor Relations Board declared pensions a mandatory bargaining issue under the Taft Hartley Act. The Supreme Court has ruled that a pension agreement is an enforceable contract. In 1974 ERISA set standards for vesting and portability and provided reinsurance for pension plans through the newly established Pension Benefit Guarantee Corporation. Section 302 of the Taft Hartley Act limited union control over bargained pension plans and set a standard for fund investment. The Welfare and Pension Reform Act of 1958 and ERISA in 1974 further restricted investment of capital. The institutions we have today vary from those set up at the turn of the century.

Yet it is striking that the problems plaguing workers have been the same throughout the history of the plans. Almost daily one hears and reads of injustices which occur in the administration of pension plans, of the inadequacies in our system of old age income provision. An employee's job is eliminated or he is fired short months before he reaches retirement eligibility. Upon retiring an employee finds that a two month lapse in employment ten years before disqualified him for any pension benefit. Two companies merge; some employees lose jobs and with them pension entitlement; other employees find their pension fund was lost in the shuffle. A company goes bankrupt without having set aside funding adequate to meet its pension obligations. Many jobs--precisely those least secure and lowest paying--do not have any pension benefits.

Vesting, portability, income adequacy, and employee rights have been problems in the structure of private sector pensions from the beginning. Beyond proposing further overlay--technical alterations and legal protections--to improve these pensions for workers, an historical examination of the institutions' origins in the United States may suggest new handles on old problems. First, considering origins may uncover structural considerations not obvious in current policy deliberations. The circumstances under which an institution begins often involve new relations which are later taken for granted though they may be of the essence of the institution. Second, in any historical consideration we put ourselves in a position to see alternatives: a past that was different and paths not taken. While the past is not open to us, we are reminded that different ways of life are possible.

My interest here goes beyond pensions. This story of the beginnings of old age pensions in private industry is a story of the creation of needs where none had existed, the interpretation of felt needs as social problems, and the response to those needs--interpreted by and met as interests in the social order. In the following chapters I examine primarily one interested response, that of business. While this work is primarily about pensions, it is as well the beginning exploration of questions about the genesis and bases of needs, their articulation, and their satisfaction.

The organization of the dissertation follows these concerns. In chapter 2, I sketch in broad outline material and ideological conditions

prior to the establishment of old age pensions in private industry, conditions in which consideration of old age pensions was essentially impossible. Exceptions proved the rule that dependency and employment were not handled according to one's age. In chapter 3, I analyze superannuation in industry, the development of old age as a problem to employers. Technical developments within industry made older workers undesirable. Social developments within industry made it increasingly difficult for firms to fire undesirable, older workers. In chapter 4, I discuss the failure of traditional solutions to meet this problem. In chapter 5, I lay out the major old age income provisions proposed outside industry. These might have relieved firms of responsibility for older workers but for various reasons were unacceptable to business in general. Focussing particularly on railroading and iron and steel in chapter 6, I discuss business motivations for adopting company pension plans. In chapter 7, I describe the plans which were set up and which reflect the context and interests which gave them rise.

In beginning this work the question of how to proceed was not an easy one to answer. The sources were, I was warned, probably hard to find--if, indeed, they existed and were accessible. The usual historical guides to archives, documents, periodicals, and secondary sources were my starting place. Current secondary sources--primarily histories of the period--provided further leads. I also consulted the period's secondary literature, which was for me primary material.

Given excellent local libraries I pursued secondary sources

freely. Primary sources I chose on the basis of accessibility and richness, evaluated through collection descriptions and conversations. I consulted the papers of the National Civic Federation and the American Association for Labor Legislation, two major organizations whose interests included old age pensions in the early decades of this century. Their papers were easily accessible and promised to be rich; they were. The U. S. Department of Labor historian's office subject files turned up very little though the Department's library holds many useful secondary sources as well as copies of many early pension plans. The bulk of federally maintained documents on old age pensions is in the papers of the Commission on Economic Security, which drafted national social security legislation. The papers of the U. S. Commission on Industrial Relations (1913-1915) also provided some useful material, as did other government industrial and labor investigations of the time. My focus was on business but my purpose was to get a broad view. For this reason and since their usefulness was dubious I did not consult the few individual business archives which I learned might contain papers on pensions. Likewise, I did not consult the papers of individuals active in the movement for old age pensions nor did I consult union collections, except for newspapers.

The examples I use were chosen from many. In many cases the choice was quite arbitrary, there being numerous similar examples. In some cases examples were chosen for being incisive--clear and succinct though not exceptional. I chose railroading and iron and steel as the industry cases on which to focus because they were early examples to other industries, they exemplify somewhat different circumstances, and they are accessible

--the subjects of considerable documentation at the turn of the century.

II

EXCEPTIONS PROVE THE RULES: OLD AGE SUPPORT THROUGH THE NINETEENTH CENTURY

Until the twentieth century age was not a primary determinant of employment or dependency in the United States. For the most part, physical capacity, property holdings, family status, and community setting determined one's productive role and economic welfare.

In the colonial United States the elderly participated in a system of interdependence based on property and familiarity. Without regard to age those in need were supported in households by family and community. In the Jacksonian period, the almshouse replaced outdoor relief. The major institution for relief of dependents through the nineteenth century, almshouse relief was administered without regard to age.

Industrial work was not lifetime work through most of the nineteenth century. Usually, those workers who did not leave of their own accord were fired when their productive powers waned for any reason. By the closing decades of the century some firms assumed responsibility toward long term employees. Reduced work and retirement gratuities were arranged informally. Some unions made formal provisions for reduced work or reduced pay rates. In these company and union provisions, age itself was not primary. The person's waning productive capacity and his long service were the bases of exception and provision.

In the colonial United States family, property, and community provided economic security for the older members of families and communities. Land ownership was widespread. In an agrarian economy based largely on independent farms, most people worked until they died. Craftsmen as well as farmers worked the land and were bound to it. With land and the skills to keep a farm, older people could subsist by their own labor. Land was not the only property. A craftsman's tools could provide subsistence employment in his later years.¹

The family was the primary unit of production and social life. As the prime welfare institution, the family cared for the aged as well

¹Throughout this section I draw on community studies of the colonial United States. John Demos, A Little Commonwealth: Family Life in the Plymouth Colony (New York: Oxford University Press, 1970); Philip J. Greven, Jr., Four Generations: Population, Land and Family in Colonial Andover, Massachusetts (Ithaca, New York: Cornell University Press, 1970); Kenneth A. Lockridge, A New England Town: The First Hundred Years (New York: W. W. Norton and Company, Inc., 1970).

as the poor and disabled. The family must produce a subsistence but how production was distributed and carried out among family members varied according to circumstance.²

Small scale agricultural production dominated the economy well into the nineteenth century. People generally worked and supported themselves until death in the varying family context. On family farms work was in some sense perpetual. At the same time, productive activity encompassed interruption and alteration by diverse factors. Work varied by season. Over the course of the day the predominant activity might be interrupted by the repair of a tool, a conversation with a neighbor, or the instruction of a youth. The farm family worked primarily for itself. The day's activities--productive and non-productive, domestic and commercial--were intermixed. A variety of activity and pace filled every day, season, year, and lifetime. The work of craftsmen, most of whom were farmers as well, included similar variation, particularly if they carried on business at home. The length of the day varied greatly, from virtually no work in a slack season to constant labor when demand was great. With a large degree of control over his work a person chose his pace and tasks according to his capacity. Old age was a continuation of what had gone before. Except for illness or other incapacity there was virtually no idea of retirement.³

²Demos, A Little Commonwealth, pp. 50, 80-81, 183-84; Greven, Four Generations, pp. 136-38, 142-58; Lockridge, A New England Town, pp. 57-78.

³Demos, *ibid.*, p. 174-78. There are two notable exceptions of retirement. Those in whom judgment was considered crucial, for example, judges and clergymen, were sometimes retired on pensions in extreme circumstances. The other exception are the wealthy, who were said to [cont.]

Land, the basis of the economy, was also a basis of family interdependence. The family was the primary institution for owning, using, and distributing property. Children were expected to care for the elderly no longer able to care for themselves. The basis of this responsibility was manifest in provisions for intergenerational care. For example, it was common that a man will his house to a son whose inheritance was contingent upon care of his widowed mother. Sometimes property was left to the widow to ensure the children's continued devotion to her needs. Occasionally a man retired on the social security of a child whose land holding was conditioned on the support of his parents. This property relation engendered a child's continuing loyalty to and dependence on his parents. For some this meant that independence did not come until well into middle age. It should be stressed, however, that dependence was mutual. For example, in 1679 at the death of his father, Joseph Ryder of the Plymouth Colony threatened to leave his mother unattended if he was not granted a particular piece of property. Intergenerational dependence was the basis for the maintenance and inheritance of independence.⁴

Family configurations provided a basis for ongoing mutual support. Nuclear families quite distinct from those of today formed most households. Children normally remained at home until marriage. Given patterns

[cont.] retire, for example, when they ceased work at thirty to pursue avocations or to travel.

⁴Demos, *ibid.*, pp. 61, 75-81, 103-6, 164-70; Greven, Four Generations, pp. 62-64, 70-99, 136-37, 142-58; Lockridge, A New England Town, pp. 71, 74-75.

of marriage, birth, and death, an unmarried child might be in the home until the parents' late sixties, within a few years of death.⁵

This family pattern also provided a basis for different ideas about old age. A family of nine children spaced approximately two years apart might range from a young child to one about to marry--thereby assuming a status similar to his or her parents' in another household, where within a couple of years there might be a child. Along this range age distinctions were hard to make, as were functional productive distinctions. There was no generally accepted idea that ages or generations had separate spheres of activity.⁶

It is not surprising then that community aid was given without respect to age. Poor, incapacitated, or without family a person in need turned to the community, his neighbors. Most towns were relatively insulated. Church and towns people, among these the local board of overseers of the poor, responded familiar with one's circumstances. As an aspect of the divine order--"the poor will always be with us," poverty was assumed manageable within the community. Since local residents dominated the relief lists, virtually all aid was granted without reference to the distinction between deserving and undeserving poor sometimes applied to strangers. Outdoor relief--in one's own or a

⁵Demos, *ibid.*, pp. 57-58, 63, 65-66, 68-69, 133, 139-40, 151; Greven, *ibid.*, pp. 22-40, 97-98, 103-24; Lockridge, *ibid.*, pp. 66-67, 74-75. Where the extended family did exist it was sometimes precisely for the care of the elderly. See Greven, p. 138.

⁶Demos, *ibid.*, pp. 57-58, 68-69, 133, 139-40; Greven, *ibid.*, pp. 22-29, 31-37, 105-7, 117-20, 180-212; Lockridge, *ibid.*, pp. 66-69.

neighboring household--was the rule. As David Rothman points out, acceptance within family and community of dependent citizens kept poverty and illness from seeming strange. The practices did not distinguish the elderly, who received aid, like others, when they were ill, without money or property, or without family. Among one's neighbors, the fact of need dominated.⁷

Two other alternatives--labor contracting and the almshouse--were far less frequent resorts. By auction or direct contract with an employer some towns placed poor persons in jobs for support. Almshouses were few and mostly in cities. Indoor relief was reserved for extreme cases and strangers, who were not as a rule taken into households.⁸

If New York and Boston are a fair indication, almshouse practices did not differentiate older people. In New York, the elderly almshouse residents were infirm or seriously ill. In Boston they were not simply "ancient"--in their seventies or eighties--but also sick. Aged widows in the almshouses were sick, without savings, and without children nearby. The local people among the elderly couples were too disabled to be kept in a home. For example, both had smallpox or were over eighty and completely incapacitated. The "strange" elderly couples who stayed for any length of time were still short term residents--both wife and husband sick and over seventy or both terminally ill.⁹

⁷David J. Rothman, The Discovery of the Asylum: Social Order and Disorder in the New Republic (Boston: Little, Brown and Company, 1971), pp. 3-29.

⁸Ibid., pp. 19-35.

⁹Ibid., pp. 35-45.

These patterns of life are no doubt the basis for later appeals to independence and hard work. But these ways did not last long. As early as the middle of the seventeenth century some communities began to disperse. New towns were established. People left for land to the west. By the 1650s some towns limited population to ensure residents reasonably sized land rights. In the eighteenth century children increasingly acquired apprenticeship training rather than a land inheritance since by the third generation family holdings could not support all the offspring. Social and geographic mobility and the increasing separation of work from home changed daily life and community structure. While agriculture continued to dominate, by the War of Independence a bourgeoisie was eager to establish a secure and independent national economy based in manufacturing.¹⁰

New industrial firms provided employment and a demand for factory labor in the east. After 1820 the farmers of New England found it increasingly difficult to compete with large western producers. Several alternatives were open to them. Some continued on farms and engaged in domestic manufacture. Daughters went to the factories for temporary employment until marriage. In some cases whole families relocated to the town or engaged in factory work. The other major option was the move west.¹¹

¹⁰Demos, A Little Commonwealth, pp. 9-11, 120, 187-88; Greven, Four Generations, pp. 155-71; Lockridge, A New England Town, pp. 9, 94-116.

¹¹George Rogers Taylor, The Transportation Revolution, 1815-1860, The Economic History of the United States, vol. 4 (New York: Rinehart, 1951), pp. 266-67.

Still, throughout most of the nineteenth century few workers grew old in industrial employment nor did they depend on it to provide for old age. Industrial work was not lifetime work. After a few years in a factory one returned to farming or a trade. Many immigrants who worked in industry returned to Europe after a few years.¹²

Community support remained the recourse for those poor or disabled without family to provide for them, but after the War with England assistance shifted from household to almshouse. By the 1820s the social hierarchy, family structure, property relations, and religious and ethnic homogeneity which bound colonial society were gone. Eighteenth century outdoor relief was no longer viable given increasing geographic mobility and the dispersion of families. As the portion of strangers in need of relief increased, almshouses became more popular. Particularly between 1820 and 1840 smaller towns and rural counties constructed institutions.¹³

By the Civil War the last resort of the eighteenth century dominated public and private relief. Segregated into almshouses, poverty became unfamiliar. Ideas about it changed. Two contradictory theories explained poverty.

The poor, no longer neighbors, were subject to judgment. The worthy, hardworking citizen struck by misfortune, the orphan, and the disabled were distinguished from the unworthy poor--lazy, shiftless,

¹²W. Andrew Achenbaum, Old Age in the New Land: The American Experience since 1790 (Baltimore: Johns Hopkins University Press, 1978), pp. 68-74.

¹³Rothman, The Discovery of the Asylum, pp. 180-89.

imprudent, transient. While in the eighteenth century the dominance of relief to neighbors made this distinction ineffectual, in the nineteenth century the image of the stranger rendered it insidious. On guard against abuses, critics of the relief system judged the disabled careless and the elderly poor improvident. That individual failure caused poverty was clear to those who argued that in the new republic abundant land and scarce labor meant opportunity for all. Outdoor relief indulged failure. The almshouse was an institution of reform.¹⁴

While the notion of worth was used to blame the poor for poverty, by the 1820s and 1830s it was also regarded as a social problem. The poor did not cause depressions nor was all employment voluntary. The society itself seen as the source of pauperism, the almshouse--unlike outdoor relief--protected individuals from the temptations of life in the community.¹⁵

Following earlier almshouse practice, older residents were not distinguished by age so much as by disability or poverty.¹⁶

Despite formal reports and casual observations beginning as early as the 1830s that the almshouses were decrepit, inadequate, and poorly administered, this indoor relief dominated throughout the nineteenth century.¹⁷

¹⁴Ibid., pp. 155-65.

¹⁵Ibid., pp. 165-72. The social theory of poverty which says that the poor need to be protected from vice also implicitly blames the poor, saying that they are poor because they are weak.

¹⁶Ibid., pp. 202-5.

¹⁷Ibid., pp. 189-202.

In the small shops of the nineteenth century informality and paternalism were the rule. Small scale production carried out by a few employees under the owners' supervision made for familiarity and obligation. The employer was not always free to turn out or even to alter the work arrangements of an unwanted, incapacitated, or otherwise "depreciated" employee.

An example of this relation is found in Melville's Bartleby, the Scrivener: A Story of Wall Street, first published in 1853. The narrator, a lawyer, describes Turkey, a copyist in his employ. "Turkey was a short, pursy Englishman of about my own age--that is, somewhere not far from sixty." In the morning an exemplary workman, in the afternoon Turkey was "reckless, and sadly given to making blots."

. . . some days, he went further, . . . He made an unpleasant racket with his chair; spilled his sand-box; in mending his pens, impatiently split them all to pieces, and threw them on the floor in a sudden passion; stood up, and leaned over his table, boxing his papers about in a most indecorous manner, very sad to behold in an elderly man like him.

On a Saturday, the lawyer suggested to Turkey, "now that he was growing old it might be well to abridge his labors." Turkey responded asserting his importance to the office. When the lawyer referred to the afternoon blots, Turkey replied,

"True; but with submission, sir, behold these hairs! I am getting old. Surely, sir, a blot or two of a warm afternoon is not to be severely urged against gray hairs. Old age--even if it blot the page--is honorable. With submission, sir, we both are getting old."

This appeal to my fellow-feeling was hardly to be resisted. At all events, I saw that go he would not. So, I made up my mind to let him stay, resolving,

nevertheless, to see to it that, during the afternoon, he had to do with my less important papers.¹⁸

The industrialization of the nineteenth century entailed the growth of workplaces, supervision by managers rather than owners, and the increasing anonymity of urban living. Under these conditions the familiarity and obligation Melville depicts became less common. In early industrial concerns the breakdown of paternalism was not met.

In most industrial employment through the nineteenth century workers left of their own accord, not considering it lifetime activity. For the rest, most firms were normally free to fire a worker when he became undesirable for any reason. Firing, like colonial outdoor relief and the Jacksonian almshouse, took no notice of age. At the same time, firing was harshest on older workers, who were least apt to find new employment competing with younger people for jobs.

In cotton manufacture, for example, until the 1850s no pensions or compensation were provided for workers disabled or slowed down by age.¹⁹ Companies assumed no responsibility for these workers' difficulties, which were not seen as industrial problems and which were handled by the almshouse and other traditional means. At mid-century employers varied in their views and practices regarding welfare and employment.

¹⁸ Herman Melville, Bartleby, the Scrivener: A Story of Wall Street, in Great Short Works of Herman Melville, ed. Warner Berthoff (New York: Harper and Row, 1969), pp. 41-43.

¹⁹ Caroline F. Ware, The Early New England Cotton Manufacture: A Study in Industrial Beginnings (Boston: Houghton Mifflin Company, 1931; reprint ed., New York: Johnson Reprint Corporation, 1966), p. 289.

Paternalism was the practice at Lowell where various informal arrangements were made on an individual basis. In Fall River laissez-faire was the rule. An agent is quoted as having said in 1855,

. . . I regard my work-people just as I regard my machinery. So long as they can do my work for what I choose to pay them, I keep them, getting out of them all I can. What they do or how they fare outside my walls I don't know, nor do I consider it my business to know. When my machines get old and useless, I reject them and get new, and these people are part of my machinery.²⁰

Workers were fired when no longer of adequate use to employers. With a supply of available labor, employers looked for the most cooperative and efficient employees. The responsibilities derived from familiarity and traditional practice no longer had force. In 1868 John Douglas, President of the Illinois Central Railroad, wrote to R. H. McClellan, an Illinois attorney,

. . . we can only employ men who hold their places so long as our interests are subserved and cannot permit the tenure by which places are held to be dependent to any extent upon antecedent obligations.²¹

Railroad employers often responded harshly to disruptive workers without respect to age or future prospects. Anticipating a strike by

²⁰Quoted from Mass. S. Doc. No. 21, 1868, p. 23, in Norman Ware, The Industrial Worker 1840-1860: The Reaction of American Industrial Society to the Advance of the Industrial Revolution (Chicago: Quadrangle Books, 1964), pp. 76-77.

²¹Thomas C. Cochran, Railroad Leaders, 1845-1890: The Business Mind in Action (Cambridge, Mass.: Harvard University Press, 1953), appendix, p. 316, John Douglas, president, Illinois Central, to R. H. McClellan, attorney, 4 June 1868. The great resource in Cochran's book is the appendix, which excerpts correspondence among the railroad executives during 1845-1890. The correspondence is taken from railroad presidents' official correspondence. I cite this appendix frequently.

the Locomotive Engineers in 1872, John Henry Devereaux, General Manager of the Lake Shore and Southern Michigan Railroad, said in a letter to Horace F. Clark, President of the road,

And I also notified the Committee yesterday that (such as I should personally regret it) I would proceed to discharge every man on the Buffalo Division who continued to foment, and cause a disturbance as had been carried on the last six weeks. Justice had been done, and discipline would be maintained. It would be a sad thing for some of the old white-haired Engineers of the Buffalo Division to be thrown out of work, but I told the Committee I should strike with an unsparing hand, if I was forced to strike, if it took every Engineer who was in the Division.²²

In 1912 an article in The Miners Magazine, publication of the Western Federation of Miners, complained that firing older workers, in particular, was inhumane since they were without support and unlikely to be rehired. Critical of military and jurists' pensions, the article said judges and military officers should have saved for old age--having had the luxuries of life while workers had not. The worker outside these and the civil service pension systems, it said,

. . . is relegated to the junk pile with less consideration than is accorded to the worn-out tools with which he once produced the means of life.²³

While firing was the common practice, by the close of the nineteenth century many workers spent their lives in industrial employment and firms accommodated some long term employees no longer able to work at full pace or volume. In Europe formal government and private retire-

²²Ibid., appendix, p. 314, John Henry Devereaux, general manager, Lake Shore and Southern Michigan Railroad, to Horace F. Clark, president, 23 August 1872.

²³"Equal Before the Law," The Miners Magazine 12 (18 January 1912): 5.

ment pension plans were being adopted but in the United States employers did not consider formal pensions appropriate or necessary. Informal practices were maintained well into the twentieth century.

Some workers who became unable to continue at their jobs due to some disability attendant upon old age--the disability perhaps just reduced productivity--were transferred to jobs "in which they [were] capable of serving."²⁴ Such jobs paid less and were presumably less strenuous. Reduced work made possible continued employment for the older worker and his replacement by a younger, more efficient worker. Such altered work arrangements depended to some degree on familiarity in a relatively small business and on the employer's sense of responsibility.

Even some firms which enforced severe maximum hiring age limits made provisions for workers grown old in the company's employ. For example, a company producing plows, barrows, cultivators, and corn planters just after the turn of the century made special arrangements for long-term employees.

No, we do not employ even middle-aged men for permanent positions, but if a man grows old in our employ we give him something to do; not at his trade, of course, but something.²⁵

Reduced employment was the employer's acknowledgement of responsibility and of the worker's need. But age or incapacity alone was not the basis of the obligation. Lighter employment was an alternative to firing

²⁴Emory R. Johnson, "Railway Departments for the Relief and Insurance of Employes," Annals of the American Academy of Political and Social Science 6 (November 1895):428.

²⁵U. S. Commissioner of Labor, Regulation and Restriction of Output, Eleventh Special Report (1904), p. 205.

an employee who had given long service.

In 1907 the Lobdell Car Wheel Company of Wilmington, Delaware, was among those companies which transferred older employees to easier jobs.

Our company has no Pension Plan, or Superannuation Fund, other than our policy to continue in our service at some light employment, all our employees when they become incapacitated for regular work.²⁶

Two years later in December 1909 William Lobdell wrote to Gertrude Beeks of the National Civic Federation²⁷ elaborating his company's policy with older workers.

. . . strictly speaking we have no pension plan in operation at our works. We have quite a number of old employees who are not capable of performing a full day's work, to whom we assign light work such as they are able to perform. Our experience is that it is better for them in every way to be employed than to be unemployed, and drawing a weekly stipend. A self-respecting man would rather return some equivalent for monies received than be a pensioner, unless he had been engaged in some hazardous occupation for which he had not been equitably compensated. A general pension payment irrespective of character of service rendered and length of time employed is a premium for idleness and inefficiency.²⁸

²⁶William W. Lobdell, Letter to Gertrude Beeks, 16 March 1907, NCF Papers, Box 113, file: Lobdell Car Wheel Company, Wilmington, Delaware, NYPL.

²⁷The National Civic Federation was a business organization which included members from labor and "the public." Founded in 1900 the NCF stood in opposition to socialists and radicals among workers and reformers and the "anarchists," i.e., laissez-faire advocates, among businessmen. For the NCF's role in pensions, see p. 106-13.

²⁸William Lobdell, Letter to Gertrude Beeks, 22 December 1909, NCF Papers, Box 85, file: Old Age Dependence and Pensions, General Correspondence B, NYPL.

Lobdell held common opinions in thinking of pensions as degrading to the pensioner and inefficient for the firm. Many workers and employers alike regarded pensions as charity. Like outdoor relief, they were a sign of the person's failure at independence and self-sufficiency. At the same time, reduced employment acknowledged the worker's dependence on the firm.

Employers regarded pensions as inefficient in two ways. First, pensions were payments for idleness, payments on which the firm received no return. Second, pensions were thought to encourage wastefulness and inefficiency. Employees anticipating a pension would not save for old age or produce for the employer's favor.

In 1907 French of Smith, Kline and French Company wrote,

. . . we do not have a Pension Plan or Superannuation Fund. The writer does not recollect, however, any employee ever having been discharged for age except by death.²⁹

That a principal of the company would have personal knowledge of such matters is an indication of the company's size and organization at the time--small enough to practice individual paternalism and to absorb age variation. While Smith, Kline and French might have transferred older employees, the drug company's production process--not a heavy mechanical process--may not have required such adjustments.

Formal pensions were generally unacceptable throughout the nine-

²⁹ French, Letter to Gertrude Beeks, 15 March 1907, NCF Papers, Box 114, file: Smith, Kline and French Company, NYPL.

teenth century but by 1900 some companies informally pensioned a few employees. Considered the usual response of industrial concerns,³⁰ these informal pensions were called "gratuities," in reference to their grant and tenure: they were in all ways gratuitous. Very few workers received gratuities. Entirely at employer discretion, lump sum benefits or periodic payments were arbitrarily granted at any time--even after a worker had left the company's employ for some years and perhaps suffered hardship--and were sometimes revoked. These informal pensions varied according to the employee's standing with the firm--his job, wage, service record--and his need, often known or easily learned. All pension and compensation allowances were given under the direction of company officers at the recommendation of superintendents and managers.³¹

The Remington Arms and Ammunition Company and the Remington Typewriter Company had no pension rules in 1906 but did grant gratuities. Only a few employees received them.

Each case is decided on its own merits, depending entirely upon the value to us of the service rendered by the person interested and upon the circumstances generally. In some instances we go so far as to retire a man on full pay; in others we make the pension half the amount of a man's former salary and so on.³²

³⁰"Report of Special Investigation of Employees Betterment and Welfare Features," October 1910, p. 10, NCF Papers, Box 114, file: Sherwin Williams, NYPL.

³¹For example, see Cochran, Railroad Leaders, appendix, p. 389, H. B. Ledyard, president, Michigan Central to W. H. Barnes, general manager, Boston and Albany, 12 January 1885.

³²Mae E. Orr, Letter to Gertrude Beeks, 20 July 1906, NCF Papers, Box 114, file: Remington Arms and Ammunition Company, Remington Typewriter Company, New York, NYPL. The motto printed on the Remington Stationery is "To Save Time Is to Lengthen Life."

In 1907 the New York Central and Hudson River Railroad Company (New York Central Lines), though it had no regular pension plan, "pension[ed] a great many of [its] old employees."³³ Sherwin Williams Company had pensioners but no definite pension plan.³⁴ Saks and Company likewise preferred treating employees individually.³⁵

The records of the United States Railroad Administration offer evidence of these informal practices. While under federal jurisdiction some of the railroad companies, which had informally pensioned employees, continued to do so, petitioning the Railroad Administration for regulations. For example, in May 1918 an officer of the Chicago, Milwaukee, and St. Paul Railway Company wrote to R. H. Aishton, Regional Director of Western Railroads, asking whether certain allowances which had been made for retired officers might be continued.³⁶

Also in 1918 the Texas and Pacific Railway requested leave to pension E. C. Tucker, a sixty-seven year old carpenter who had served

³³ John Carstensen, Vice President, Letter to Gertrude Beeks, 19 March 1907, NCF Papers, Box 113, file: New York Central Lines, New York Central and Hudson River Rail Road Company, NYPL.

³⁴ "Report of Special Investigation of Employees Betterment and Welfare Features," October 1910, p. 10, NCF Papers, Box 114, file: Sherwin Williams, NYPL.

³⁵ L. L. Deaver, "Saks and Company/New York City/Report Upon Condition of Employes and Recommendations for Improvement by Employees' Welfare Department, the National Civic Federation," 24 April 1913, NCF Papers, Box 114, file: Saks and Company, NYPL.

³⁶ Chicago, Milwaukee & St. Paul Railway Company, Letter to R. H. Aishton, 7 May 1918, USRA, file R-28-6, part 1, Record Group 14, National Archives, Washington, D.C. Discrimination was common. Even where formal pensions were established, officers, employees in higher positions, or skilled versus unskilled were favored in practice.

the road since 1872. In support of the request J. L. Lancaster, federal manager of the road, offered information on, among other things, Tucker's family, income, property, and employability, saying that his son was unable to support him, that his only property was his home, that he had no income, and that there was no job he could hold with the company.³⁷ This informal pension was argued from the failure of traditional supports.

These company practices--firing, light employment, and gratuities --were complemented in some occupations by union regulations for reduced work and pay rates.

In cases where skill was important and where unions wielded influence over the distribution of work, if not over the work process itself, some older workers were paid lower rates for their work according to their productivity. At the turn of the century the Iron Molder's [sic] Union of North America allowed lower wages for older workers. In an agreement between the Solid Steel Casting Company of Chester, Pennsylvania, and the Iron Moulder's [sic] Union No. 313, a minimum wage of \$3 per day was set for ten hours of work. Molders unable to perform the average day's work because of age or physical disability were free to work for rates below the minimum provided that the deviation was agreeable to the individual molder and the shop committee.³⁸

³⁷J. L. Lancaster, Letter to B. F. Bush, 10 August 1918, USRA, file R-28-6, part 1, Record Group 14, National Archives, Washington, D.C.

³⁸U. S. Commissioner of Labor, Regulation and Restriction of Output, p. 173. Such deviations were also provided for a limited time for apprentices not yet fully competent to perform the average day's work. Ibid., pp. 174-76.

The building trades had established minimum wages but some of the unions allowed workers who could not do full work because of age or disability to work for less than the union rate. The Brotherhood of Painters, Decorators, and Paper Hangers of America was among these unions. The Brotherhood's constitution provided honorary membership for those disqualified from full membership because of physical condition or age. Honorary members could work for less than the standard wage.³⁹

The Journeyman Stonecutter's Association had a similar provision. Stonecutters over fifty years of age physically unable to earn the standard were issued exempt cards as evidence that they were allowed to work for less. A union committee regulated the wages of those issued exempt cards. In printers' locals older workers who were below average in efficiency were allowed to work below the union time rate.⁴⁰

Unions with reduced rate arrangements for aged or disabled workers had relative strength and control over the labor process in industries which depended on skill. At the same time, allowing reduced rates bolstered union membership by securing employment for those who might otherwise be unemployed. Weaker unions could not provide such employment. Unions with less control over the labor process, if they could demand provisions for variation, could not define the nature and extent of variation. Workers in industries requiring less skill or no skill had

³⁹ Ibid., pp. 268, 324.

⁴⁰ Ibid., pp. 268, 343; Lloyd Ulman, The Rise of the National Trade Union: The Development and Significance of Its Structure, Governing Institutions, and Economic Policies (Cambridge, Mass.: Harvard University Press, 1955), p. 481.

no basis for their demand. In some cases automation precluded variation as a technical matter.

Provisions for variation from the set wage indicated both union strength and weakness. The unions controlled variation from the rates, determining both who was eligible and what the alternative arrangement would be. This discretion was a manifestation of the union's power within the shop. At the same time, varying wage rates according to individual productivity was an assertion of the employer's desire to extract the maximum value from each worker's labor. Underlying the necessity for deviation was the notion that productivity is an individual attribute and an attribute of individuals. Measuring the variation in output among individuals allows finer choice among productive levels of labor input and allows payments to labor to fit more closely a maximum level of exploitation.

Reduced rates were an implicit control exercised by the unions over the employment and discharge of workers. Without these provisions an older worker could be fired or switched to another job. With them unions were able to keep members on the job. Replacing older workers with younger workers could mean increased production for the employer. The union's discretion to require the employment of an older, less productive than average worker, was interpreted by capital, quite correctly, as a restriction and control over output, a restriction on capital's discretion to control the level of output and the "intensity of exertion."⁴¹ While capital's objective was economic maximization for gain,

⁴¹U. S. Commissioner of Labor, Regulation and Restriction of Output, pp. 20-22.

labor's objectives in restricting this maximum were economic subsistence and union security.

The waiting list was an extension of these forms of worker control and discretion in the placement and payment of older workers. Strong unions maintained waiting lists from which firms were required to hire as the need arose. The firm did not have the discretion to choose among workers according to their efficiency. The waiting list compelled the employer to take and retain workers considered old or inefficient.⁴²

While union strength was required for wage rates and the waiting list, the strongest unions, among them the Compositors, Bricklayers, and Molders, protected members, including older workers, but did not contest the freedom of employers to hire and fire, except in matters of union activity and membership. These unions had established union shops by the turn of the century and did not suffer the threat of non-union workers in their midst.⁴³

Through most of the history of the United States dependency and employment were not matters of age. Even the late nineteenth and early twentieth century practices just discussed--firing, gratuities, and reduced work and rates--were explicitly directed toward work capacity and disability as distinct from age itself. By the first decade of this

⁴²Ibid.

⁴³Ibid.

century older people were defined as a distinct dependent population. In the most advanced sectors of industry employers considered older workers a problem.

In chapter 3 I will discuss this new problem--superannuation in industry.

III

THE BURDEN OF OLD AGE: SUPERANNUATION IN INDUSTRY

By the first decade of the twentieth century the employment and support of older people was an expressed social problem. "Old age dependency" and "superannuation in industry"--the specific articulations of this problem--were two aspects of the same condition. A generation had aged in the context of industrial production. Many of them were dependent on wage labor and corporate capital. Without property, skill, or support, these people constituted a drag on the machine of the economy. Outside industry older people without savings, property, skills adequate to subsistence, or support grew to be an increasing portion of those dependent on charity and community welfare institutions. Their number grew large enough that they were seen in a separate category of dependence.

Within industry although only a small portion of workers were over sixty-five years of age--only a small portion over forty-five in some industries--those who were over sixty-five were a problem to employers, who considered themselves stuck with or obligated to superannuated workers while there was a ready supply of younger, presumably more efficient workers.

In 1910, three years after its appointment, the Massachusetts Commission on Old Age Pensions, Annuities, and Insurance reported to the state legislature. Charged with investigating various forms of old age income provision and reporting on their advisability and costs, the commission provided the earliest documentation of the "aged poor" and the extent of old age dependence in the United States.

The commission articulated the problem of superannuation in industry.

. . . the aged worker is a burden on industry. His retention in active employment, after he has passed the limit of his efficiency, means economic waste. A system of old age pensions has therefore been advocated as a means of retiring workers at a reasonable age, and removing this handicap on industry.¹

Later the report elaborated,

The problem of dealing with the aged employee is an urgent one in the modern business world. The use of machinery and the stress of industrial employment have made it increasingly difficult for aged employees to hold the pace. The universal demand nowadays is for young men. Many concerns refuse to take on inexperienced men over 35 years of age. Moreover, men wear

¹Massachusetts, House, Report of the Commission on Old Age Pensions, Annuities, and Insurance, No. 1400 (Boston: Wright and Potter Printing Company, 1910), p. 78.

out faster under the increased strain. What to do with worn-out workers,--that is the essence of the pension problem. To carry them on the pay roll at their regular employment means waste and disorganization of the working force; to turn them adrift is not humane . . . ²

The need for old age pensions, old age insurance, or some other form of support for older people was widely discussed among workers, owners and managers, legislators, and reformers. The need for economic means is basic but this particular form or expression of that need--that it attached particularly to older people, that it assumed their general exclusion from productive and income-producing activity--was the product of changes wrought in the nineteenth century.

The nineteenth century witnessed the industrialization of production in the United States. Several tendencies broadly characterize basic changes made over the course of the century. Large scale production, facilitated by more impersonal, bureaucratic organization and limited liability corporations, concentrated industry and reduced competition. New technologies increased the scale of production, replaced labor with machinery, and degraded skills, increasingly abstracting judgment and control from the physical process of production.

After 1850 production varied widely. Large mills and small shops were side by side among other organizations. Some industries were changing rapidly. As late as the 1840s shoes were produced in cottages. By the 1860s inventions brought a division of labor, mechanization and factories

²Ibid., pp. 137-38.

to the industry. In the following decade cottage production was gone and factory machine operators had replaced shoemakers. In the 1890s, glass was hand-made. In twenty years' time, machines had completely displaced the glass blowers. The railroad network operating by the 1870s was the basis for a national and increasingly urban market.³

Cities changed. In 1850 Paterson, New Jersey was a small city with a few silk manufacturing firms. By 1875 there were three locomotive works and fourteen silk mills. The population had tripled.⁴ An increasing portion of the population lived in urban areas. Between 1850 and 1900 the change was from just over 5 percent to about 39 percent.⁵

Firms grew. With 600 employees the Baldwin Locomotive works was large in 1850. The firm grew to 3000 workers by 1870 and to over 6000 by 1900. Between 1850 and 1900 the McCormick reaper plant grew from 150 to 4000 employees. In 1916 there were 15,000 employees at McCormick while the Ford Motor Company works at Highland Park employed 33,000 people. By 1919 in the northern states between the Mississippi and the Atlantic three quarters of manufacturing wage earners were in factories employing over 100 workers; 30 percent were in factories employing over 1000.⁶

³ Alfred D. Chandler, Jr., "The Beginnings of 'Big Business' in American Industry," Business History Review 33 (1959):2; Daniel T. Rogers, The Work Ethic in Industrial America 1850-1920 (Chicago: University of Chicago Press, 1978), p. 23.

⁴ Rogers, The Work Ethic in Industrial America, p. 23.

⁵ U. S. Bureau of the Census, Historical Statistics of the United States, Colonial Times to 1970, Bicentennial Edition, vol. 1 (Washington, D.C., 1975), Series A 172-94, pp. 22-23.

⁶ Rogers, The Work Ethic in Industrial America, pp. 23-24.

Employment changed. Increasingly, people looked to factories for lifetime employment. Dependence on industrial wage labor was accompanied by the demise of independent agricultural production, which had been a source of security in old age. Farm land was less widely distributed; population more concentrated in urban areas. New technologies and large-scale production created a farm surplus which lowered prices enough so that making a living on the land was increasingly difficult.⁷

In 1820 over 70 percent of workers were employed in agriculture. By 1850 the percentage dropped to about 64 and by 1900 to only about 37 percent. Meanwhile, in manufacturing and mechanical occupations between 1820 and 1900 employment increased from 12 to 27 percent; in trade and transportation from 2.5 to nearly 19 percent; in mining, lumbering, and fishing from under 1 percent to nearly 2 percent.⁸ People increasingly depended on employment by another and, in particular, on factory employment, as their sole means of support.

By 1880 the nation--integrated socially and economically--was becoming a fact of daily life. The railroads tied together far spread cities and towns and ways of life. The firms established between the close of the Civil War and the turn of the century were national, some even international, in scope. Labor unions began to make firm ties among

⁷George Rogers Taylor, The Transportation Revolution, 1815-1860, The Economic History of the United States, vol. 4 (New York: Rinehart, 1951), pp. 266-67. See also, Chandler, "The Beginnings of 'Big Business.'"

⁸P. K. Whelpton, "Occupational Groups in the United States, 1820-1920," Journal of the American Statistical Association 21 (September 1926): 339-340.

locals, creating the bureaucracies which constituted national organizations. The federal government became a large, bureaucratic organization through the proliferation of agencies. The rise of national business, labor, and government was like the construction of a great machine. Small, self-sufficient economic units suffered setbacks without much consequence beyond the particular business or locality but in a nationally-integrated economy dominated by fewer and larger organizations and business units disruption would have more far-reaching effects.

Methods and organization of production, the nature of work, and products themselves were greatly changed. In some cases "changed" is hardly apt; new techniques and new products were the bases for new areas of production. Allied to particular developments in physical production were changes in social forms and daily life. The dominant way of life changed from agrarian to industrial, from rural to urban. Home and work were separated. Through the medium of wage labor, work itself became so well differentiated from other aspects of life that the length of "the working day" became an object of struggle.

These same productive developments gave rise to implicit consideration of the length of the working life which was being shortened at both ends. Children, who had been productive members of farm families, were increasingly born in or removed to urban settings. As cheap labor in industry children were subject to the same dangers and over-exertions as adults. Liberal reformers worked for child labor laws to "protect" children from these hazards and from work itself. Probably more effective in raising the age at which people entered the labor force was compulsory

school attendance established by the various states and educational programs elaborated at all levels. Mid-nineteenth century and early twentieth century reforms designed to create the disciplined work force required by the advancing industrial order delayed entrance into that work force.⁹

While union membership and seniority provisions might maintain the age to which people stayed at work, various factors eroded the length of the working life. The technical conditions of production, the degradation of skills, widespread and chronic unemployment, and new ideas about old age contributed in various ways to the undesirability and unemployment of older people.

Technical changes affected older workers particularly and directly in several ways. The automated factory assumed labor inputs tailored--as machine parts were--to the specifications of the technical apparatus. It assumed an average worker and a high degree of uniformity across all labor inputs. The average worker was judged by a standard related to the notion of an average day's work.

The notion of an average day's work assumed that labor inputs

⁹For a discussion of public school, labor force, and social control, see Samuel Bowles and Herbert Gintis, Schooling in Capitalist America: Educational Reform and the Contradictions of Economic Life (New York: Basic Books, Inc., 1976); Michael B. Katz, Class, Bureaucracy and Schools: The Illusion of Educational Change in America (New York: Praeger, 1971); Michael B. Katz, The Irony of Early School Reform; Educational Innovation in Mid-Nineteenth Century Massachusetts (Boston: Beacon Press, 1970); Marvin Lazerson, Origins of the Urban School: Public Education in Massachusetts, 1870-1919 (Cambridge, MA: Harvard University Press, 1971).

could be homogeneous. Variations from these implied standards were obstacles to the smooth and efficient running of the production process. Variation in productivity among workers could reduce the speed of production to that of the slowest input. Workers were judged according to the production process and its standards. Older workers did not measure up. Reduced wage rates allowed for older workers' "inadequacy" but where production became more and more integrated, where the operation of the factory was more and more one smooth operating whole, such individual variation was not tolerable.

If industrial work was not strenuous it was relentless and often it was both. The discipline imposed by machine operations, by high uniform standards of productivity, and by increasing emphasis on efficiency forced out the variation which existed under earlier conditions. The pace was rapid, steady, and continuous. A worker could not slow down or vary his rate of work and he could not work intermittently. If age brought a waning of reflex or strength a worker became inadequate to the job. Even under the putting out system a worker produced to some extent on his own terms making inputs to the larger apparatus, which could use intermediate products as they came so long as a minimum supply was maintained. Under one roof and integrated by machinery the productive process less and less admitted the truth of human variation. Efficiency--determined by technical conditions under the employer's control--judged the acceptability of workers. What is more, the ability to keep pace was not enough. One must keep pace day after day. If in the past old age did not necessarily mean discontinuing productive activity, by the end of the nineteenth cen-

ture a productive system had been developed which excluded anyone below a high standard of efficiency.¹⁰ Indeed, workers recognized that modern industry compounded the aging process with its pace, relentlessness, physical dangers, and economic worries.¹¹ Human attributes in aging became interpreted as inadequacies in labor. Differentiating older workers, the productive system defined them as unnecessary--indeed, a hindrance to the production of the means of life.

Skill degradation took from older workers the advantage and authority of experience. The technologies developed in the nineteenth century increased the demand for unskilled labor and broke up the skills of the trades precisely because these skills formed a basis for power and employment. Particularly in the late nineteenth and early twentieth centuries when there was an influx of young, southern European immigrants, skilled in agriculture but unskilled in industry, firms easily favored

¹⁰I do not accept the unproven--and unprovable--hypothesis that aging is accompanied by waning productive, physical, intellectual, or other powers. What small and varied literature I have surveyed argues on both sides, generally with dubious experimental designs. Always we must ask, according to what definitions and under what conditions does aging bring a loss of anything. And we must have a critical understanding of our notion of aging. At most, on average older people may, for example, be slower in their reflexes. Yet, among older people is the same broad range of capacity as among other age groups. Only acting on the basis of averages and categories without regard to the reality of individuation could managers and engineers develop technologies which assume away a segment of variation. The same use of averages and categories was the basis for arbitrary discrimination against older workers as a group. See, for example, W. Andrew Achenbaum, Old Age in the New Land: The American Experience Since 1790 (Baltimore: The Johns Hopkins University Press, 1978), pp. 40-45, on the medical study of old age.

¹¹See, for example, p. 152.

younger, unskilled (cheaper) labor.

Mechanical and organizational changes in production defined older workers--for example, to the extent that they were slower--as undesirable. These changes also contributed to the unemployment of older workers.

The characterization of older workers as unneeded and burdensome was based in the availability of younger workers. Their availability was based in chronic and widespread unemployment. Unemployment as we understand it is a relatively new phenomenon. This is reflected in the practice of the Massachusetts Bureau of Labor Statistics whose unemployment statistics enumerated children and those physically or otherwise incapable of work until the late 1870s, when the category was changed to count those able to work but without employment.¹²

Both the objective phenomenon and the idea of unemployment as they developed by the late nineteenth century are important to an understanding of the undesirability of older workers and their exclusion from productive activity. There are two ways in which unemployment generally contributed to the unemployment of older workers in particular.

First, the commonly acknowledged explanation is that an excess labor supply gives employers the prerogative to choose among available workers. In search of the most efficient workers, an employer discriminates against older people in favor of younger--presumably more efficient, with more work years ahead, and perhaps with stabilizing family obligations.

¹² A forthcoming book by Alexander Keyssar studies the development of modern unemployment.

In this sense, the arguments about old age unemployment and technical conditions are market arguments about the relative desirability of older workers.

But a second explanation gives a more basic analysis. Unemployment is not simply a matter of numbers, not simply a product of a misfit between supply of and demand for labor. To assume that it is would be to assume that unemployment is a market failure. Quite the contrary. Unemployment is a product of the market--in particular, the market in labor.

Unemployment--in the sense which we understand¹³--became possible only on the basis of the work organization which developed in the nineteenth century. In the colonial United States most able-bodied community members of all ages had roles in the productive life of the society. Idleness, which was condemned, meant simply doing nothing. A wanderer or a local vagrant might be idle. The Jacksonian theories of sin and of corruption continued to look to the individual's moral character and welfare. In these contexts, idleness was a personal condition.

By contrast, unemployment is a social condition. It implies being out of work--that is, it implies definable employment by another person. By 1890, almost two-thirds of the economically active population in the United States worked for persons other than themselves. The productive system developed over the course of the nineteenth century was based on wage labor. Workers exchanged labor for money to purchase the necessities of life rather than producing them directly or producing

¹³That is, unemployment as being in want of a job.

goods directly to exchange for money or other goods.

Employment by another divides a person's time between his own and that which he sells, the latter being the time during which he is said to be employed. Regularization of employment--that is, the organization of employment according to fixed hours for regular employees--served further to delineate employment from unemployment.

This second aspect of unemployment underlies the labor market explanation. The productive activity of older workers was undermined since under industrial conditions there was less control for the worker himself. A worker in control of his work, producing primarily for himself could alter his volume of production or his pace to meet his changing capacity and need. Within a wide variation efficiency need be of little or no concern. On the other hand, an employer--who is interested in profit and who is paying wage labor--wants the most for his money. If he can afford it socially and politically, he will always replace a less productive worker by one more productive. Then, the phenomenon of unemployment falls on older workers in particular because of its derivation from particular conditions of production--that is, employment as wage labor.¹⁴

To a large degree, industry itself was responsible for unemployment. As I have argued, the organization of production and increasing labor productivity were factors contributing to unemployment. Specific

¹⁴This discussion derives from Raymond Williams, Keywords: A Vocabulary of Culture and Society (New York: Oxford University Press, 1976).

employment practices--in particular, the regularization of employment--also contributed to unemployment in ways that particularly affected older workers.

The rise of chronic unemployment made work distribution an issue. The question arose whether to distribute available employment or to employ some people "fulltime" while unemploying others altogether. In some industries--for example, in brewing and mining--unions divided the available work among employees. In some mining communities employees of one mine would share work with miners from another mine closed down.¹⁵ Such practices were not common.

Large numbers subject to the relative insecurity of employment gave rise to discontent. Distributing employment was also distributing unemployment. Concentrating unemployment concentrated discontent among a smaller number of people. Herman Feldman, in his primer on regularization of employment, argued that, "The question is . . . the relative insecurity of employment, not the relative amount of unemployment."¹⁶ He elaborated:

It is possible that the effects of insecurity of employment, both on the wage-earner and on industry itself, are more serious than those of unemployment. The effect of uncertainty on any one individual may be less destructive than that of actual unemployment, but as the number of persons unemployed is at all times smaller than the number who are living in fear of it, the cumulative effects of the latter may well be greater. Moreover, the industrial conditions back

¹⁵ Herman Feldman, The Regularization of Employment (New York: Harper and Brothers, 1925), p. 252.

¹⁶ Ibid., p. 3.

of insecurity of employment are irregularity and discontinuity of operation. The economic wastes and losses accompanying such methods of conducting industry are enormous.¹⁷

Regularization of employment was also argued as a way to avoid industrial accidents. New employees were thought to be more prone to accidents. Those irregularly employed were greater risks than those steadily employed.¹⁸

Where regularization or "decasualization" of the labor force was practiced, the company gave competent and dependable employees employment records and preference in the next hiring "with the result that the best men are given practically permanent employment."¹⁹

Insecurity of employment in the rising industrial order had many sources. Seasonal employment, technological change, technical reorganization, crises, and depressions were sources of unemployment. Even when they were predictable, secure alternatives were not necessarily available to workers subject to industrial employment. Their insecurity was more essentially a matter of having no control over their work patterns and livelihood expectations. The regularization of employment gave some workers something they could depend on in a situation which they did not control.

For those who were employed under regularization, work was relentless. Casual comings and goings to allow for sickness or rest were driven out by this formalization. Older workers, along with everyone else,

¹⁷ Ibid., pp. 20-21.

¹⁸ Ibid., pp. 24-25.

¹⁹ Ibid., pp. 294-95.

performed day after day or they did not perform at all.

Unemployment was rationed in other ways as well. This was not difficult since there was continual movement--based on the sharing principle contrary to regularization--to shorten the work week and work day. The agitation was based in the need for jobs and in the exhaustion brought on by industrial employment. A shorter work week would make more jobs available. A shorter work day would be less wearing on, and more possible for, a wider range of people. The same rationing of employment kept people in school--and out of the labor force--longer.

An ideology of leisure was created. When considering the effects of the shorter work day, R. D. Fleming, a researcher for the Wisconsin Commission on Industrial Relations, wrote about the "moral right to leisure."

The moral right of the worker to adequate leisure is a new concept which looks at the laborer from a nationalistic rather than an individualistic point of view. The laborer is looked upon in this concept as an efficient machine with a definite accepted value and anyone who by means of overwork, or other misuse, impairs the value of this machine exhausts the working energy which is one form of a nation's capital.

. . .
[Quoting from a report of the Wisconsin Bureau of Labor Statistics, 1903-1904:] The stronger, healthier, and more intelligent a laborer is, the more wealth he represents. The laborers of a nation represent its working capital, just as the hands of the farmer, his horse or his ox represent his working capital. And the stronger and healthier either may be, the more capital it represents. The more efficient this capital becomes, the more wealth will be produced.²⁰

²⁰R. D. Fleming, "Effects of the Shorter Work Day," Wisconsin Commission on Industrial Relations, microfilm, National Archives, Washington, D.C.

The workers' leisure, viewed by some as a humane solution to the boredom and exhaustion of industrial work, is here viewed as the maintenance of the firm's physical capital.

Employers introduced formal arrangements for their prerogative to discriminate against older workers. Hiring age limits restricted the burden of older employees on the firm. Workers over forty-five had difficulty finding jobs. Some firms adopted more severe restrictions. On the Pennsylvania lines west of Pittsburgh,²¹ the age limit for hiring brakemen and firemen in 1919 was between the ages of 19 and 28.²² In the first two decades of this century, hiring age limits were practiced,²³ but it was

²¹Both the Pennsylvania Railroad (and its pension departments established in 1900 and 1901, east and west, respectively) were divided between its lines east and west of Pittsburgh. The companies associated in the lines east of Pittsburgh were the Pennsylvania Railroad Company; the Northern Central Railway Company; the Philadelphia, Baltimore and Washington Railroad Company; the West Jersey and Seashore Railroad Company; and the Philadelphia and Camden Ferry Company. The lines west of Pittsburgh were the Pennsylvania Company; the Pittsburgh, Cincinnati, Chicago and St. Louis Railway Company; the Grand Rapids and Indiana Railway Company; the Waynesburg and Washington Railroad Company; the Cincinnati, Lebanon and Northern Railway Company; and the Wheeling Terminal Railway Company. M. Riebenack, "Pennsylvania Railroad Pension Departments: Systems East and West of Pittsburgh and Erie, Pa. Status to and Including the Year 1907," Annals of the American Academy of Political and Social Science 33 (1909):258-64. I will not enumerate the subsidiaries and divisions of other companies which I discuss, but I point out this example since it is important to recall that companies such as U. S. Steel, International Harvester, DuPont, and other large railroad companies (which I will discuss later) included many subordinate entities.

²²G. L. Peck, Federal Manager, Pennsylvania Lines West of Pittsburgh, Letter to J. A. Franklin, Assistant Director, Division of Labor, 24 October 1919, USRA, file A-22-Age Limits: General, Record Group 14, National Archives, Washington, D.C.

²³Workers past fifty looking for jobs often had to take unskilled or common labor since they were not hired for the occupations they had pursued earlier. Pennsylvania, Report of the Pennsylvania Commission on Old Age Pensions (Harrisburg: J. L. L. Kuhn Printer, 1919), p. 101.

not until the 1920s that they were documented.

Forty-five was the common age limit, though some employers went as low as thirty-five for particular jobs. In 1929 numerous steel companies, including some of the largest, had effective age limits. In 1904 Carnegie Steel had set an age limit of forty--in some cases, thirty-five. Though in 1928 the company denied applying any age limits, the following year a superintendent at the Duquesne works admitted a hiring age limit of forty-five. Jones and Laughlin, Colorado Fuel and Iron, Bethlehem Steel, Crucible Steel, Page Steel and Wire, Weirton Steel,²⁴ and Wisconsin Steel²⁵ had forty-five year limitations. A dozen other companies reported a limit of fifty, six reported fifty-five, and three set sixty.²⁶ An American Management Association study in 1930 showed that 40 percent of 239 companies, which employed 61 percent of the nation's workers, had age limits, and that those with age limits were the largest companies in each industry.²⁷

These age limits were, of course, company enforced and were, therefore, at company discretion. In practice, they tended to apply to

²⁴ A subsidiary of National Steel.

²⁵ A subsidiary of International Harvester.

²⁶ Horace B. Davis, Labor and Steel, Labor Research Association, Labor and Industry Series (New York: International Publishers, 1933), pp. 21-27.

²⁷ President's Research Committee on Social Trends, Report, Recent Social Trends in the United States, vol. 2 (New York: McGraw-Hill Book Company, Inc., 1933), pp. 811-12. See also C. R. Dooley, "The Employment and Adjustment of the Older Worker," American Management Association, General Management Series no. 86 (New York: American Management Association, 1929).

low-skilled or unskilled laborers. Among skilled workers, particularly during a labor shortage, age limitations were relaxed in preference for experience. Those workers over forty-five displaced by technology were less likely to find work.

Changes in technology, work organization, and employment patterns discriminated against workers who were slower, less agile, more vulnerable in serious accidents, more easily tired, and so on. Older workers were, along with others, subject to these developments and were perhaps particularly vulnerable to them if age brought waning physical powers. But the wholesale discrimination against older workers manifest in such practices as hiring age limits was justified by new ideas about old age which had emerged since the Civil War. Older people in general were increasingly considered--colloquially and scientifically--to be incapacitated, physically and mentally deteriorated, ill tempered and useless. Previously revered and idealized, old age had become "obsolete."²⁸

In Old Age in the New Land, W. Andrew Achenbaum traces the changing perceptions of old age in the United States. Through the first half of the nineteenth century the elderly were respected for their experience, wisdom, virtue, and productive contributions to society. Not only did age bring experience and wisdom, they were the means by which one achieved old age. Age itself was evidence of one's wisdom and moral character.

²⁸ Achenbaum, Old Age in the New Land, pp. 39-54 provides a full discussion of these developments. The first two chapters of Achenbaum's book discuss prior conceptions of old age.

The aged were stores of knowledge and examples of healthful living.

After the Civil War, these notions were replaced by negative views of the aged. Developments in science, public health, and medical practice affected ideas about old people in two ways. As professions were organized, knowledge rested not so much with experienced as with trained expertise. The secret of health and longevity lay not with the society's elders but with scientists, doctors, and engineers. As well as displacing the elderly as experts, modern medicine documented declining mental and physical capacity accompanying age. Age was correlated with decreasing productivity, said to be exacerbated by industrial employments --some of which were, to the contrary, less strenuous than farming activities. Developments in medical science increasingly concentrated death in later years, focusing attention on these as the waning of life. Research investigated the diseases of old age and general diseases as manifest in older people. Some postulated old age as a disease in itself.

Evidence of older people's physical deterioration was accompanied by similar interpretation of their intellectual and psychological condition. Rather than a period of maturity and fulfillment, old age was a period of decline. Mental and creative abilities, thought to be at their height between thirty and forty-five, were said to fall off, with rare exceptions, significantly after sixty. This degeneration was only compounded by older people's unpleasant personalities and their inability to accept or adjust to new ideas and practices--particularly undesirable in a rapidly changing society.

These ideas both justified and gained justification from industrial

practice. The degradation of skill devalued experience, the basis of age's authority. The uselessness of older people was confirmed by their inefficiency, their inability to find jobs, and their being let go--fired or retired--because they were worn out.

By contrast, youth was extolled as productive, healthy, happy, attractive, and open to change. Age in itself was considered proof of one's weakness and inadequacy. These changes in thinking formed a basis for the distinction and exclusion of people as old without regard to the disablements which had previously justified distinction without respect to age.

Unemployment made possible discrimination against less productive workers and new ideas about old age laid the basis for discrimination against the elderly as a group. Over the course of the nineteenth century older workers came to be judged undesirable in industrial employment. While hiring age limits protected the firm to some degree from taking on "burdensome" employees, some workers grew old in industrial jobs. Firms did not want to retain these superannuated workers in regular employ. At the same time, by the turn of the century businesses were constrained from using traditional means for dealing with older workers.

In Chapter 4 I will discuss the inadequacy of traditional means to meet industry's problem of superannuation.

IV

SOLUTIONS BECOME PROBLEMS: CONSTRAINTS ON INDUSTRY

By the turn of the century industry's traditional means for dealing with unwanted older workers were inadequate in the large corporations which increasingly dominated economic life and employment. As I have suggested in the previous chapter, technical constraints made reduced work and variable pay rates impracticable in these modern businesses. Large scale, impersonal work settings and bureaucratic organizations did not provide the informality and familiarity on which job transfers and informal gratuities depended.

Several factors limited the firms' freedom in firing, which had been the primary recourse with unwanted workers old or young. Industry had to contend seriously with organized labor and some unions had esta-

blished seniority provisions which constrained employers from dismissing older workers. Old age dependence, a newly formulated social problem, was laid at industry's door when the almshouse was being discredited and big business was being called to account for a variety of social evils. Within industry itself corporate liberals urged responsibility.

Labor struggles since 1877 had taught business to take labor seriously. In the case of old age dependence, union power expressed in seniority provisions was a direct constraint on the freedom to fire older workers.

Seniority provisions for work distribution were established in private employment before formal contracts or agreements were recorded. Seniority systems gave the union or work group a measure of control over employment and encouraged stability among workers, who had job security to gain by long membership and service. Like many other work distribution and welfare measures, seniority was both a system of dividing workers and a means of controlling jobs.¹

Railroading was the first industry in which the seniority system was formally developed to any extent.² The earliest example in a written labor agreement was in a contract between the Brotherhood of Locomotive Engineers and the Hudson River Railroad in 1875. Article 3 of the

¹Dan H. Mater, "The Development and Operation of the Railroad Seniority System," Journal of Business of the University of Chicago 13 (October 1940):389.

²Ibid., p. 387.

agreement, dated January 26, read:

It is understood that the number of engineers are to be kept down to the lowest possible number necessary to perform the work of the company, and in case engineers are dropped from the service of the company by reason of falling off in business, the youngest engineers in the service of the company are to be taken first.³

The Massachusetts Railroad Commission report on the Boston and Maine strike of 1877 noted the practice of laying off junior employees first when the work force was reduced.⁴

Outside railroading seniority agreements were almost exclusively local and limited to the craft aristocracies of the nineteenth century. In 1890 the New York Typographical Union No. 6 obtained the first seniority provision in a labor agreement outside railroading.⁵

Seniority had been practiced on the railroads from mid-century. The first written agreement of every railroad contained a provision and toward the end of the century seniority rules were standardized in response to conditions on the roads.

Agreements between the Brotherhood of Locomotive Engineers and the Chicago, Milwaukee, St. Paul, and Pacific Railroad exemplify the development of seniority provisions. Among contract clauses were the following:⁶

³Ibid., p. 396, citing Report of the Eight-Hour Commission (Washington: Government Printing Office, 1918), appendix VI, p. 270. "Youngest" referred, of course, not to age but to tenure with the railroad.

⁴Ibid., p. 393.

⁵Ibid., p. 392.

⁶Ibid., pp. 405-7.

- 1880: When engineers are laid up on account of slack business or for repairs, the older men in the company's employ will, as a rule, be kept at work, and the younger and unmarried men paid by the mile for what they can make as extra runners, the intention being to keep all engineers employed as far as possible.
- 1887: As a rule, when Engineers and Firemen are promoted to a higher grade in the service, the older men shall have preference of runs, on their respective divisions, when competent and worthy. Engineers of the highest grade shall also have preference of runs on their respective divisions. The Company reserves the right to deviate from this rule in special cases . . .
- 1902: Engineers shall not be transferred to a Division where there are firemen eligible for promotion if the firemen are older in engine service than the engineer to be transferred.

In case there is a vacancy in assigned runs, either on account of a new run being put on or a run becoming vacant, the same shall be bulletined and assigned to the oldest competent engineer desiring the same.

The scope of seniority as a system for work allocation widened to cover lay-offs, preference of runs within grades, promotions, and filling vacancies. By 1900 the "Big Four" railroad unions⁷ had achieved standardized rates and working conditions, though scheduling arrangements varied. Still, some railroads had not granted it to all. After the turn of the century, the unions successfully standardized seniority provisions to a large degree among the roads and employee groups.⁸

⁷The "Big Four" were the Brotherhood of Locomotive Engineers, the Brotherhood of Locomotive Firemen and Enginemen, the Order of Railway Conductors, and the Brotherhood of Railroad Trainmen.

⁸Mater, "Railroad Seniority System," pp. 108-9.

The railroad mergers following the depression of 1873 affected employee relations on the roads. Though the peak of railroad construction did not come until after 1877 and though traffic continued to increase for decades, the chance for employees to advance decreased because the number of executive positions was proportionately less.

In 1844 James C. Clarke began work with the Baltimore and Ohio Railroad as a track laborer. Over the next ten years he worked for the road as brakeman, fireman, conductor, and train master. After holding several positions as superintendent and general manager, he became general manager of the Illinois Central in 1874. Nine years later he was president of the road. John Newell, the son of a farmer from West Newbury, Massachusetts, began work on the railroads as a rodman and assistant engineer for the Vermont Central in 1846. He held numerous jobs, including surveyor, superintendent of construction, and engineer, and attained several executive positions. Newell became a major director of the Illinois Central, the Lake Shore and Michigan Southern, and the Pittsburgh and Lake Erie.⁹

Such career histories as these were exceptional but became virtually impossible. As time went on, an employee had less chance to rise above the ranks at all. An editorial in Railroad Gazette, a principal trade publication, noted this trend in 1880:

There can be but little doubt, that advancement to high positions grows more difficult each year in proportion as the tendency to consolidation of great

⁹ Thomas C. Cochran, Railroad Leaders, 1845-1890: The Business Mind in Action (Cambridge, Mass.: Harvard University Press, 1953), appendix, pp. 292, 408-9.

interests and immense amounts of capital goes on.¹⁰

The decrease in opportunity was compounded by organizational developments and occupational specialization, which made sharper distinctions in the hierarchy among jobs.

Seniority then provided security when advancement was no longer available. It also served as a protection against employer's arbitrary manipulation of rates and hours. When seniority worked, it protected jobs. Those who had established service records were protected from coercion, discrimination, and nepotism. In January 1929, the Railway Clerk carried an article reflecting on the value of seniority rights:

In the old days, it was not an infrequent occurrence to see inexperienced men brought into an office and put to work at a wage higher than men received who had spent years in the service. Many times have we seen it happen, that when a job that paid a top wage became vacant a greenhorn would be brought in, put on the job, and men receiving less money required to train him to do the work! Nepotism was a curse in the clerical service before we organized. A clerical job could always be found for the nephew, niece, cousin, or neighbor of a chief clerk or official, even if it meant getting rid of an old employee to make a place for him.¹¹

A less sanguine view of seniority is also possible. Long service with a company might mean that a worker had achieved a high wage. If the company or a particular superintendent wanted to cut labor costs, he might discriminate against higher wage employees, even dismissing them for replacement by someone at a lower rate.

¹⁰"Advancement" (editorial), Railroad Gazette (26 March 1880):168.

¹¹"What Are Seniority Rights Worth?" Railroad Clerk 28 (January 1929):7-8.

For example, according to the seniority and promotion system on the Chicago, Burlington, and Quincy, it took nine years to become a first class engineer. After six years a fireman with a satisfactory record became a fourth class engineer. Each subsequent year, if his record had been perfect, he would be advanced a grade. The system was acceptable to employees, but its abuse meant that a first class engineer might be dismissed for incompetence one day and rehired a few days later in the fourth class.¹²

Seniority provisions had two aspects. They meant partial surrender by management of control over job allocation, while they meant stabilization of the work force. Likewise, seniority might make compliant employees interested in job security and the accumulation of privilege, but a strictly enforced system could protect workers' union activity.¹³

While seniority provisions protected the jobs of older workers, they put younger workers at a disadvantage. Advancement depended on time and the number of positions available overall. Seniority arrangements were fine when in the long term advancement was assured and the power of a worker's skill endured. However, developments setting seniority in a new context heightened the division created between older and younger workers. Employment instability and skill degradation undermined traditional seniority practices.

¹²Mater, "Railroad Seniority Systems," p. 401.

¹³Joel Seidman, The Brotherhood of Railroad Trainmen: The Internal Political Life of a National Union (New York: John Wiley and Sons, Inc., 1962), p. 88.

The benefits of seniority depended on the basic stability of employment conditions over time. Economic fluctuations might leave a relatively senior workman unemployed--for example, in the case of a firm's closing or demand's dwindling. An individual's employment might depend on loyalty to the firm or on other matters at the firm's discretion. In this case, seniority was transformed from an expression and source of power into a privilege to be protected. No longer grounded in the workmen's power over work and work rules, seniority became traditional practice which, rather than pointing to the legitimate authority of skill and experience, embodied the arbitrary authority of one group of workers over another.

Skill degradation exacerbated this process. While the authority of craftsmanship underlay seniority provisions they were understood as legitimate by workers and were incumbent upon firms not wholly in control of the work process. Skill degradation and homogenization obliterated work-based distinctions among workers. Older and younger workers might do the same work with the same skill. Seniority became primarily a matter of age and length of tenure--a matter of who got there first and who prevailed.

In the new context, seniority could be seen as age discrimination. If senior employees were not in the way, younger workers might be employed or advanced. Older employees promised fewer productive years ahead and, less likely to have dependents, needed less income. Efficiency favored younger workers, reputed to be more alert and productive. To the extent that they were enforced, seniority practices could be a basis for old age

income provisions--employment or pension rights. Yet as seniority protected workers against old age dependence, it exacerbated the problem for industry of superannuation in the workforce.

The social construction of "old age dependence" as a problem was not simply a product of the "breakdown of the family," the inadequacy of wages, or the numerical increase in aged dependents, as is often implied. The family argument usually assumes the mythological extended family. Low wages were only one in a constellation of factors. Dependence, increasing generally, need not have been associated with age. Old age dependence was realized in an historical setting comprised of many conditions --among them, as I have suggested, dependence on wage labor, widespread propertylessness, skill degradation, and the limits of family and community support.

For clarity, old age dependence needs to be delineated. Among human beings dependence is the rule. Not dependence but precisely its opposite is at issue in old age dependence. Social and economic individuation or isolation left older people without means of support, segregated from the forms and mechanisms of dependence. The social problem was an interpretation of the absence of traditional--that is, given or assumed (taken for granted)--patterns of dependence for the aged. So, although they might be, old age dependents were not necessarily those dependent on family, charity, or community institutions. Old age dependents were those who had no means of support, whose dependence was a felt burden. A social problem was perceived when dislocation made transparent the limits of old

practices and the absence of adequate new ones.¹⁴

Its complementary institutions destroyed, elderly dependence was manifest precisely because it no longer had a neat, accepted place in the social order. The commonly expressed need to end old age dependence or to provide old age support was the need for a satisfactory integration of old age dependence in the new order.¹⁵

Though commonly considered the result of improvidence, increasingly old age dependence needed another explanation. Sheer numbers made necessary a new view of its causes. Studies after the turn of the century pointed to misfortune, low wages, unemployment, and industrial conditions.

Old age dependence, which had been publicly debated for a decade, was conferred formal recognition as a social problem in the United States by the publication in 1910 of the report of the Massachusetts Commission on Old Age Pensions, Annuities, and Insurance. Surveying the population sixty-five and over who were inmates of correctional institutions, hospitals, insane asylums, almshouses, and benevolent homes, recipients of public outdoor relief and federal pensions, and non-dependent,¹⁶ the com-

¹⁴For example, in the Report of the Massachusetts Commission on Old Age Pensions, Annuities, and Insurance, the survey of non-dependent aged poor did not include those who had received "occasional aid from relatives, friends or neighbors, or even from a church, society or settlement." Such marginal aid could certainly make the difference between non-dependence and dependence. Massachusetts, House, Report of the Commission on Old Age Pensions, Annuities, and Insurance, No. 1400 (Boston: Wright and Potter Printing Company, 1910), p. 45.

¹⁵An integration of old age dependence in the new order would not necessarily mean that people would have adequate support.

¹⁶The non-dependent were defined as those who had received no aid from public or private outside sources.

mission found almost 24 percent dependent on some form of support. The bulk of these--18.5 percent--received federal and military aid. The remaining 5.5 percent pressed the limits of the institutions on which they depended.¹⁷

The Commission provided statistics on expenditures, age, marital status, residence, nativity, ethnicity, family situation, occupation, earning power, and property for the almshouse population and the non-dependent poor. Almshouse residents were of particular interest because increasingly almshouses were homes for the aged as well as the poor.¹⁸ The physical limitations, increasing costs, and increasing demands for indoor relief were an impetus to consideration of alternatives.

Of the almshouse inmates, 25 percent were sixty-five and over,¹⁹ while in the general population the portion was 6 percent. Though the almshouses were supposed to deal with paupers of any age, an increasing concentration in this age group was seen as altering the institution. Among these aged inmates, 92 percent entered the almshouses after sixty and less than one percent entered before forty. These admissions were

¹⁷Massachusetts, House, Commission on Old Age Pensions (1910), p. 22.

¹⁸Nationally, between 1880 and 1924 those over sixty-five increased from 25 to 54 percent of the almshouse population. Committee on Economic Security, "The Need for Economic Security in the United States," chart xii, Committee on Economic Security, Box 27, Record Group 47, National Archives, Washington, D.C. The population increase for this age group had been from 3.4 percent in 1880 to 4.6 and 5.3 percent, respectively in 1920 and 1930. U. S. Bureau of the Census, Historical Statistics of the United States, Colonial Times to 1970, Bicentennial Edition, vol. 1 (Washington, D.C., 1975), Series A 119-34, p. 15.

¹⁹Nationally, the figure was 33 percent.

viewed as related to age and incapacity rather than earlier misfortunes. Among residents, 29.2 percent were listed simply as "aged and infirm," as opposed to insane, crippled, blind, or otherwise incapacitated. Nationally, entrances after sixty and before forty were, respectively 40.5 and 31 percent of total admissions. The discrepancies between state and national figures might be explained in part by the relative industrialization and urbanization of Massachusetts compared to the nation as a whole. To the extent that industrial employers discharged older workers and urbanization provided no coherent support network, the elderly looked to public relief. In fact, in Massachusetts manufacturing and mechanical pursuits were the most common occupations among almshouse residents, 33.7 percent of whom had made their livings in these employments. Though almost 44 percent had adult children living at the time they entered the almshouse and almost 53 percent had some other near relative living, only about 8 percent had relatives able to provide aid at the time of the study. While 66 percent of the almshouse population was foreign born, 83.6 percent of the residents had lived in the Commonwealth for at least thirty years, 94 percent for at least twenty years. The inmates had not necessarily been transients.²⁰

Those not dependent on any form of public or private charity were surveyed as the "non-dependent" aged poor. "Non-dependent" is a telling choice, since independent they were not. Many lived near the margin of dependence, where it would take very little to put them in need. Their

²⁰Massachusetts, House, Commission on Old Age Pensions (1910), pp. 36, 37, 43, 60, 62, 66-67, 69.

incomes included money from work, savings, relatives, and pensions. Over half were "able-bodied"--that is, fully capable of work. Average weekly expenditures among the non-dependent aged poor were \$6.26 for individual males, \$4.28 for individual females, \$9.32 for couples, and \$12.00 for families. Less than half of individual males and less than a third of individual females had incomes adequate to these standards.²¹

The non-dependent aged poor held more property than the other aged surveyed. Among those in benevolent homes, at admission 10.9 percent had property, for most valued at \$500 or less. Among those on public and private outdoor relief, 15.1 and 22.7 percent, respectively, had property at the time of the survey, also valued at \$500 or less in most cases. Those on state and military aid who had property--17.4 percent--tended to have more. Over 43 percent of the non-dependent poor had property and almost three-quarters of these held over \$1000 worth. Looking at it another way, in each category (including almshouse inmates) over a quarter and as many as 60 percent had held property at one time or another. The non-dependent poor were those who had been least subject to loss of their property. Among all groups, loss of property was most often due to extra expenses for sickness or emergency. The second important cause was business failure and bad investments. These two accounted for over 80 percent of the cases of property loss.²²

The Massachusetts study confirmed the suspicion that almshouses

²¹Ibid., pp. 47-48, 68.

²²Ibid., pp. 74-75.

were increasingly meeting problems of old age dependence. The study also pointed out the fact that, contrary to the traditional view of the almshouse as a place for transients, strangers, and the improvident, current inmates were stable Massachusetts residents, many of whom had met misfortune. Criticism of the almshouses--that they were decrepit, poorly run, and inadequate--which had dated from the 1830s took hold at the turn of the century. By suggesting that the almshouse had become an old age home, the Massachusetts study implied that that almshouse could be replaced. With a focus on old age dependence, the problems of the almshouse population could be addressed differently.

The Massachusetts Commission Report offered an analysis of old age dependence. In discussing old age pensions or insurance the report said:

The problem . . . is of modern origin. It is one of the questions of social readjustment consequent upon the industrial revolution. Before the era of the factory system this problem hardly existed. In the earlier period, as Carlisle had impressed upon us, the economic relations between men were of a permanent character. The labor contract was life-long. The worker lived under the paternal protection of the master, who felt obliged to provide for him in sickness, accident and old age. He was not expected to make independent provision for the emergencies of life. In the background, moreover, stood the church, ready to dispense alms with a free hand.

The industrial revolution changed all this. Temporary contract took the place of permanent service. The employer recognized no obligation to support the worker throughout life. The latter was thrown upon his own resources and was expected to take care of himself in periods of infirmity, misfortune and old age. Thus arose the problem of old age pensions or insurance, which, in essence, is the problem of devising an effective system of providing for the old age of worn-out workers.²³

²³ Ibid., p. 77.

Social scientists were also arguing that industrial employment was the cause of old age dependency. In 1913, Edward T. Devine, professor of social economy at Columbia, wrote:

It is notorious that the insatiable factory wears out its workers with great rapidity. As it scraps machinery so it scraps human beings. The young, the vigorous, the adaptable, the supple of limb, the alert of mind, are in demand. In business and in the professions maturity of judgment and ripened experience offset, to some extent, the disadvantages of old age; but in the factory and on the railway, with spade and pick, at the spindle, at the steel converters, there are no offsets. Middle age is old age, and the worn-out worker, if he has no children and if he has no savings, becomes an item in the aggregate of the unemployed.²⁴

These formulations of the problem, though pointing toward old age dependence in general, focus on it as a problem of industrial employment. In fact, though industry contributed to the problem of old age dependency, it was not simply a matter of "the industrial scrap heap." To be sure, employers did not generally care for workers in old age and did put them out of work.

The industrial worker could not depend on employment in old age nor could he afford to save against that risk but at the turn of the century industrial employment itself was not the only factor underlying old age dependence. Throughout the nineteenth century agriculture was the major source of employment for older workers. Those who had been

²⁴ Edward T. Devine, Misery and Its Causes (1913; reprint ed., Poverty, U.S.A.: The Historical Record, ed. by David J. Rothman, New York: Arno Press, 1971), p. 125. Devine was active in social reform, serving, for example, as general secretary of the Charity Organization Society of New York from 1896 to 1912 and as editor of the Survey from 1897 to 1912.

employed in manufacturing and mechanical pursuits tended to be in more traditional craft occupations--for example, carpenters, masons, and blacksmiths. Many of these occupations were unchanged by technical innovation as late as the 1890s. These occupations provided somewhat more secure employment and income than most industrial jobs.²⁵ Most old age dependence in 1910 was probably not attributable directly to industry itself.

It makes more sense to argue that the same social forces which created the industrial order so hard on older workers undermined also the traditional sources of support to which older people might turn. Changes in property holdings and an increase in geographic mobility induced by land and employment patterns changed relations of family dependence.

By the 1820s relatives might petition the local board of overseers for assistance in supporting an aged relative.²⁶ By 1870 every state had laws requiring adults to care for their family's needy members.²⁷ Dependence had increased enough that efforts were made to enforce family obligations long since ended. With growing dependence on wage labor and with-

²⁵W. Andrew Achenbaum, "Old Age in the United States, 1790 to the Present" (Ph.D. Dissertation, University of Michigan, 1976), pp. 227 and 233.

²⁶Massachusetts, General Court, Report of the Committee on the Pauper Laws of This Commonwealth by Josiah Quincy, Chairman (1821; reprinted in The Almshouse Experience, Poverty, U.S.A.: The Historical Record, ed. by David J. Rothman, New York: Arno Press, 1971), pp. 25, 32-33.

²⁷Hace Sorel Tishler, Self-Reliance and Social Security 1870-1917 (Port Washington, N.Y.: Kennikat Press, Inc., 1971), p. 5.

out property holdings, young families had more reason to look toward the younger generation than toward the older.

At the same time, declining birth rates and the concentration of death in old age increased the relative size of the older population, making their condition--whatever it might be--more evident. In 1850 the proportion of people over fifty years old was only 8.9 percent. By 1900 it was 15.4 percent.²⁸

State pauper institutions increasingly housed a population over sixty-five. In 1910 in Ohio, 60 percent of almshouse inmates had entered after age sixty. In Pennsylvania the percentage was 62; in Wisconsin, 87; and in Massachusetts, 92.²⁹

In 1911 Lee Welling Squier published his influential Old Age Dependency in the United States: A Complete Survey of the Pension Movement. Depending primarily on the Massachusetts study, Squier estimated that there were 1.25 million old age dependents in the United States.³⁰ In the year that followed, old age dependence and the pension problem became frequent subjects of public discussion. In 1919 the Pennsylvania Commis-

²⁸ President's Research Committee on Social Trends, Report, Recent Social Trends in the United States, vol. 2 (New York: McGraw-Hill Book Company, Inc., 1933), p. 1199.

²⁹ Abraham Epstein, Facing Old Age: A Study of Old Age Dependency in the United States and Old Age Pensions (New York: A. A. Knopf, 1922), p. 30. Based on the Massachusetts report of 1910 I have interpreted Epstein's apparent misreading. See Massachusetts, House, Commission on Old Age Pensions (1910).

³⁰ Lee Welling Squier, Old Age Dependency in the United States: A Complete Survey of the Pension Movement (New York: Macmillan Company, 1912), p. 3.

sion on Old Age Pensions published its report patterned after the Massachusetts study and reflecting the same conditions.³¹ California, Connecticut, Nevada, New Jersey, New York, and Wisconsin were among the other states to look at old age dependency.³² Business organizations--including the National Association of Manufacturers, the National Civic Federation, and the National Industrial Conference Board--responded with further studies.³³ Abraham Epstein, who had worked as director of the Pennsylvania Commission, became an advocate of the aged dependent, as did Isaac Max Rubinow, a social reformer interested in social insecurity generally.³⁴

Old age dependence was an increasingly common condition both for those entirely outside industry and for those cast off by industry. With alternatives gone, people looked to industrial employment for any income, at the same time that industrial employers were reluctant to hire those

³¹Pennsylvania, Report of the Pennsylvania Commission on Old Age Pensions (Harrisburg: J. L. L. Kuhn Printer, 1919).

³²For example, Industrial Commission of Wisconsin, Report on Old Age Relief (March 1, 1915); Ohio, Report of the Commission on Health and Old Age Insurance (1918); California, Report of the Industrial Accident Commission (1919).

³³For example, National Industrial Conference Board, Inc., Industrial Pensions in the United States (New York: National Industrial Conference Board, Inc., 1925); Boston Chamber of Commerce, Special Committee on Social Insurance, "Non-Contributory Old Age Pensions and Health Insurance" (Boston: n.p., 1917), pamphlet; National Civic Federation, Study of the Extent of Old Age Dependency. Report by the Industrial Welfare Department upon Economic and Physical Status of Persons 65 Years of Age and Over in New York, New Jersey, Pennsylvania, and Connecticut includes Additional Data from Massachusetts (New York: National Civic Federation, 1929).

³⁴ See further information and notes on Epstein and Rubinow in Chapter 5.

who might become a burden. Under pressure not to contribute to old age dependence by putting older employees out of work without some means of support, employers constrained by public opinion confronted old age dependence formulated as superannuation in industry.

Set in context, this constraint was all the more powerful. By the turn of the century, business was under attack not only for its "bigness"--for monopoly, price fixing, and buying politicians--but also for a variety of social ills attributed to industry and industrial employment. Problems of urban living--crime, housing, and sanitation--were seen as by-products of industrial development. Reformers and muckrakers publicized a host of issues, among them child labor practices, unsafe working conditions, low wages, and long hours.³⁵

On the political front, the populists and Farmers' Alliance attacked business, urging basic reform. In 1896 William Jennings Bryan, Congressman from Nebraska and presidential candidate of the People's Party, was also nominated by the Democrats, evoking a fevered response by business interests in support of the Republican candidate, McKinley.³⁶ In 1900 Eugene Victor Debs, veteran railway labor organizer, ran for the presidency on a socialist ticket. Nominated again in 1904 by the newly organized Socialist Party, Deb's increasing popularity was taken seriously. Theodore Roosevelt wrote that the growth of Socialism was "far more ominous than

³⁵ See Harold Underwood Faulkner, The Question for Social Justice, 1898-1914, A History of American Life, vol. 11 (New York: The Macmillan Company, 1931).

³⁶ Ray Ginger, Age of Excess: The United States from 1877 to 1914 (New York: The Macmillan Company, 1965), pp. 176-81.

any populist or similar movement in the past." A year following the election Roosevelt wrote to Taft:

The full, purblind folly of the very rich men, their greed and arrogance and the corruption in business and politics, have tended to produce a very unhealthy condition of excitement and irritation in the popular mind, which shows itself in the great increase in the socialistic propaganda.³⁷

In books and magazine columns writers exposed the abuses of big business. Ida Tarbell's History of the Standard Oil Company was serialized in McClure's magazine during 1902 to 1904.³⁸ The publication in 1906 of Upton Sinclair's The Jungle, a novel which exposed conditions in the slaughterhouses, caused an uproar which led to government investigation and regulation.³⁹

While no single issue could of itself be the basis for undermining industrial practice, taken as a whole this program of reforms was a threat which required response. On this basis a wide range of issues required accomodation by business. Old age dependence was among them.

Firms were to some degree constrained by public opinion and labor relations from simply firing unwanted, superannuated workers. Whether for

³⁸ Ida M. Tarbell, The History of the Standard Oil Company, ed. by David M. Chalmers (New York: Harper and Row, 1966). See Faulkner, The Quest for Social Justice, pp. 112-16, 257-58, on muckrakers.

³⁹ Upton Sinclair, The Jungle (New York: New American Library, 1960). Regulation was the result of both popular agitation and business strategy and compromise, rather than business concession. While regulation went far to provide protection, I would be naive to suggest that regulation was entirely against business interests. See Gabriel Kolko, The Triumph of Conservatism: A Reinterpretation of American History, 1900-1916 (Chicago: Quadrangle Books, 1963), especially pp. 98-110.

humane or practical reasons, businessmen themselves recognized the necessity of dealing with employees' needs outside the job.

In 1877 Robert Harris, president and superintendent of the Chicago, Burlington and Quincy Railroad, wrote to John Griswold, chairman of the road:

A Rail Road company cannot any more than an individual employer take the position that, when their employees or the family of employees are in sudden distress and want, they owe them nothing and will do nothing for them. A judicious contribution even when there is no legal liability is money well invested.⁴⁰

By 1900 employers were considering means to deal specifically with superannuation. Over the first three decades of the century old age pensions became a standard alternative among large industrial firms.

C. S. Ching, Supervisor of Industrial Relations at the U. S. Rubber Company, speaking at the Eighth Annual Industrial Conference in 1925, said:

. . . there is undoubtedly a strong force in the general belief that the just employer will not permit his superannuated employees to be forced to seek charity, in old age. . . .

. . . however, . . . in the last analysis, so far as industry is concerned, it cannot decide a question of this kind (the pension question) merely on the basis of a belief in its moral responsibility.⁴¹

Socially, companies could not afford simply to dismiss all super-

⁴⁰ Cochran, Railroad Leaders, p. 178, appendix, pp. 354-55, R. Harris, president, CBQ, to J. N. A. Griswold, chairman, CBQ, 10 December 1877.

⁴¹ C. S. Ching, "Industry's Obligation to Superannuation and an Evaluation of Present and Proposed Plans," Address at the Eighth Annual Industrial Conference, Silver Bay, New York, 27-30 August 1925 (reprint, New York: Brown, Crosby and Company, n.d.), p. 4.

annuated workers. At the same time, the alternative had to be economically justified. Ching argued:

It is inevitable that such a company (without a pension plan) is paying full wages to many old employees who are really not earning their pay, and who, by their continuance on the active payroll, are preventing re-organizations which would mean much greater efficiency.⁴²

The employment of superannuated workers was seen as a cost to the firm. In the past employers had informal methods for handling such problems but more formal, bureaucratic organizations led to formalization and rationalization of procedures generally. In 1930 the National Metal Trades Association published a booklet entitled Meeting the Cost of Employee Superannuation.⁴³ The booklet provided general suggestions for formal cost analyses of employee superannuation and offered four possible programs of cost reduction: assisting voluntary retirement by encouraging employee thrift, dismissing the older workers, transferring to suitable

⁴²Ibid., p. 6.

⁴³National Metal Trades Association, Committee on Industrial Relations, Meeting the Cost of Employee Superannuation (Chicago: National Metal Trades Association, 1930). While in general the term "superannuated worker" was applied to all those above a certain age, the National Metal Trades Association took a more realistic approach:

It cannot be justly said, of course, that all persons over 65 are superannuated, but on the other hand, it is equally true that many employees considerably under the age of 65 are superannuated. Within the walls of a given shop an estimate of prevalent employee superannuation can be made only by a close study of all employees who have passed their prime of life.

The text then goes on to explain a method for computing employee superannuation, making clear that "superannuation" is a measure of efficiency, Ibid., pp. 3-4.

work, and operating a retirement plan or pension system. The booklet said:

The difference between what an individual is actually paid and the value of his efforts as determined above [by cost analysis with respect to the four alternatives] constitutes the amount of money paid out by the employer as a "hidden pension."⁴⁴

The notion of a "hidden pension" expressed the central concern of employers. In the past a pension was a priori judged uneconomical--a payment for idleness. Constrained from firing older workers, the firm's calculus was changed. As always, the firm must ask whether it received the maximum return on its payments to labor. However, increasing that return was now socially constrained by the firm's responsibility for old age dependency and by its relations with labor unions. Efficiency still the criterion, the question had become whether to pay employees to work or to pay them--in the form of a pension--to retire.

Businesses had not always considered, let alone favored, the establishment of company pensions. In the next two chapters I will discuss the developments which led firms to establish old age pension systems. The old age income provisions proposed outside industry were objectionable while company plans were consistent with other aspects and purposes of the firms.

⁴⁴Ibid., p. 5.

V

INCENTIVES TO A CORPORATE SOLUTION:
ALTERNATIVE SUPPORTS

Schemes for the provision of old age income and the alleviation of old age dependence had been developed by the beginning of the twentieth century. Three major alternatives aside from company plans were tried with varying degrees of success. All three were either impracticable or unacceptable.

Some trade unions set up plans. Dependent on big unions for success, these plans were a source of union strength and workers' independence. For these reasons they were unacceptable to business as a primary solution to the problem of old age dependency. Thrift schemes set up after the turn of the century did not work because workers' incomes were too small to allow for saving. Proposals and experiments for state old age

insurance were opposed by business for fear of state intervention in labor relations and of socialism.

Some occupations and their unions organized under trade unions imported by immigrants--particularly from England and Germany--were joined to the benefits of European superannuation systems. For example, the English Amalgamated Society of Engineers had in 1851 organized a system which was imported to the United States in 1860.¹ The Amalgamated's Superannuation Benefit was augmented by an Auxiliary Superannuation Fund Society established in 1876. This Society's funds also enabled the members to purchase their own homes

so that when compelled by "old age or infirmity" to cease work, they could be provided with a home where they could live rent free.²

The fund was an annuity savings plan. An entrance fee and weekly contributions yielded weekly benefits at retirement according to age at entrance and years of membership.³ Another English union, the Amalgamated Society

¹Murray Webb Latimer, Trade Union Pension Systems and Other Superannuated and Permanent and Total Disability Benefits in the United States and Canada (New York: Industrial Relations Counselors, Inc., 1932), p. 12.

²Amalgamated's Engineer's Journal, new series, 5 (6 June 1901): inside back cover.

³It seems the Molders in the United States had a similar connection with the European union's benefits. By an action of the convention held in Louisville in July 1878, the superannuation benefits were abolished in favor of \$100 death benefits. Still, the union's journal carried reports of the superannuation fund in England, Ireland, and Wales. See, for example, Iron Molder's Monthly Journal (10 November 1881):5 and (10 September 1882):4.

of Carpenters and Joiners, had established old age pensions in 1860 and carried the practice to the United States. Both organizations were small in the United States. They discontinued their pension plans and ultimately disbanded altogether.⁴

Early attempts to establish trade union superannuation benefits in the United States began in the 1850s but came to nothing. At its seventh convention in 1857 the Typographical Union appointed a committee to consider a proposal from the Philadelphia printers for the establishment of an old age home. The proposal was defeated at the ninth convention in 1860. The Iron Molder's Union formed a superannuation fund in 1874 providing a benefit of \$300 to members of twenty years' standing and \$400 to members of twenty-five years' standing if permanently disabled or unable to earn a living at the trade. Membership was to date from 1859 and benefits were to commence in 1879, the delay allowing fund accumulation. The regulations were repealed in 1878 before any benefits were paid because a sufficient fund had not been created. A superannuation feature adopted by the Granite Cutters met a similar end.⁵ The course of these proposals is not surprising considering the tendencies in union activities at the time.

Though they did not include old age features, beneficiary activities were central to union activities during the first three decades of

⁴Latimer, Trade Union Pension Systems, p. 12.

⁵James B. Kennedy, Beneficiary Features of American Trade Unions, Johns Hopkins University Studies in Historical and Political Science, series 26, nos. 11-12 (Baltimore: Johns Hopkins Press, 1908), p. 101.

the nineteenth century when most union activity was local. Then, in the interest of organizing national unions, beneficial activities were subordinated to trade activities until the 1850s when in some unions benevolent and fraternal functions began to disappear.⁶ Local benefits hindered successful emphasis on national organization and national unions were not well enough established to have benefit systems. In addition to engendering local loyalties, local benefits were not adaptable to expanding market areas and the practice in some unions of travelling members. A travelling member might be subject to double assessment--at home and in the area to which he travelled--and might as well not take advantage of his travelling privileges while away from home.⁷

After the close of the Civil War some unions experimented with insurance associations limited to union members. These were patterned after the mutual insurance companies growing rapidly in this period. For example, the Expressmen's Mutual Benefit Association, organized in January 1869, provided life insurance.⁸ The Granite Cutters, Iron Molders, and Printers all tried experiments but only in the railroad brotherhoods did these mutual insurance plans develop into permanent arrangements.

By 1880 the development of union benefits was argued as an aid to national organization. The primary appeal of benefits came from the

⁶Latimer, Trade Union Pension Systems, pp. 8-9.

⁷Lloyd Ulman, The Rise of the National Trade Union: The Development and Significance of Its Structure, Governing Institutions, and Economic Policies (Cambridge, Mass.: Harvard University Press, 1955), pp. 181-82.

⁸NCF Papers, Box 109, file: Expressmen's Mutual Benefit Association, NYPL.

members' need for them. While not necessarily attracting members, benefits retained them, particularly when the union needed solidarity--when wage and working conditions were under attack. In times of unemployment, for example, when maintaining wages and working conditions is most difficult, benefits retained members and reduced their temptation to work below the union rate. This argument seems to have held true for the Typographical Union and Cigar Makers during difficult times in the late nineteenth century.⁹

In addition to securing membership, adoption of benefit features strengthened the national treasury, making aggressive trade policies possible because the union could pay strike benefits. At the same time, because all union monies were generally lumped together, more conservative members could argue that protection of benefits depended on less strenuous activity.¹⁰

In this context of the need for old age support and the development of benefits, union pension plans were introduced. In the latter part of the nineteenth century some local unions informally pensioned retired members. In these cases, formal plans adopted by the national union replaced or augmented local practices. Pension systems were generally adopted among those unions which were more craft based, more organized, or more powerful, with membership large enough to provide the necessary

⁹Kennedy, Beneficiary Features of American Trade Unions, pp. 12-15.

¹⁰Ibid., p. 107. In some insurance funds, benefit monies were held distinct. This was particularly likely in states where law regulated insurance organizations.

financial basis.

Several early attempts to establish union plans were abortive largely because of financing. In 1900 the Brotherhood of Carpenters and Joiners proposed pensions for members of twenty-five years continuous service and over sixty years old. In 1902 a \$105 benefit was proposed, along with an increase in union dues to support it. The plan was abandoned when a referendum of the members failed to ratify the proposal because of cost.¹¹

Samuel Gompers proposed a superannuation benefit for the Cigar Workers' Union in 1893. In 1904 a proposal was discussed which provided a monthly benefit of \$4 for members sixty years of age with twenty-five years in good standing. This plan was dropped.¹²

A few unions allowed members to use their benefit entitlement as an old age benefit. For example, the Granite Cutters allowed members sixty years of age in good standing for ten years to receive \$125.¹³ The New York Typographical Union No. 6 maintained a retired list to which a member sixty years of age in twenty-five years continuous good standing could be recommended by the union executive committee. Provided he was not regularly employed, a member on the retired list was exempt from financial obligations to the union but remained in good standing--receiving union benefits and participating in union activity. Among those on the

¹¹Ibid., p. 101.

¹²Ibid.

¹³Ibid., p. 102.

retired list, some were granted pensions, usually of \$3 or \$4 a week, by vote of the membership.¹⁴ Union disability pension plans were increasingly used to benefit the aged.¹⁵ This was also true of out-of-work benefits.

Several unions established plans like those of the Iron Molders and Granite Cutters mentioned earlier--to be funded and to begin payment at some future date. The Journeyman Plumbers established a provision effective in 1903 with benefits to begin in 1923. Any member at least forty-five years old with twenty years full membership and incapable of following his employment because of old age or infirmity would receive a benefit determined by his age and length of service. The minimum benefit was \$300 paid to those sixty-five years of age with twenty years' service. The maximum was \$500 to those of the same age with thirty years' service or seventy years of age with twenty-five years' service. This plan seems never to have paid benefits.¹⁶

The Pattern Makers' League benefit operative in 1900 was to be payable in 1920. It provided two classes of beneficiaries. Members sixty years of age with twenty-five years continuous membership would receive \$12 per month; members sixty-five with thirty years would receive \$16. With the same benefits, the Jewelry Workers' rules were effective in 1902

¹⁴Regular meetings, 6 May 1906, 3 June 1906, and 1 July 1906, NYTU Minute Books, vol. May 1906-September 1909, NYPL.

¹⁵Latimer, Trade Union Pension Systems, p. 4.

¹⁶Kennedy, Beneficiary Features of American Trade Unions, p. 102.

with benefits to commence in 1922. The Machinists' plan, effective in 1903 and payable in 1913, would grant lump sums of \$500 and \$1000, respectively, to members sixty-five with ten consecutive years in good standing and sixty-eight with twenty years. The Wood, Wire, and Metal Lathers International Union set up a plan in 1909 to pay \$7 a week to those sixty years old with fifteen years continuous good standing "providing he is unable to qualify as a lather according to our international law." The plan was to go into effect at a later date. None of these plans was ever operative.¹⁷

In 1910 only two unions in the United States were paying benefits specifically designated by a superannuation provision. These unions were the Granite Cutters and Typographical Union, whose benefits began in 1905 and 1909, respectively.¹⁸

Qualifications under the Granite Cutters' system were ten years continuous good standing, age sixty-two, and twenty years membership. Benefits of \$10 were paid monthly for six months each year beginning in November.¹⁹

Beginning in 1857 the International Typographical Union had discussed the establishment of a home for aged printers. Not until May 1892

¹⁷ Ibid., pp. 102-3; Massachusetts, House, Report of the Commission on Old Age Pensions, Annuities, and Insurance, no. 1400 (Boston: Wright and Potter Printing Company, 1910), pp. 172, 176-77.

¹⁸ Kennedy, Beneficiary Features of American Trade Unions, p. 103; Massachusetts, House, Commission on Old Age Pensions (1910), pp. 172-75. The printers' system was set up in 1907.

¹⁹ Kennedy, Beneficiary Features of American Trade Unions, p. 103.

was the home opened in Colorado Springs, Colorado. Applicants for admission to the home were required to have been members in good standing for five years and to be incapacitated by age or illness. Neither retirement nor admission to the home were automatic and might be denied. Between 1893 and 1907 the homes' residents increased from 22 to 143.²⁰

Around 1903 some locals began agitation for expansion of old age benefits. The home was inadequate, they argued, because it required people to leave their homes and to live in an institution. Further, the home's capacity was limited, while the number of aged members in need of support was increasing. The introduction of linotype had put many older members out of work. Locals began to establish benefits. In 1903 Chicago local No. 16 made specific provision for payment of old age pensions. In 1895 the New York local set up an out-of-work benefit which became effectively a superannuation benefit. Other locals also made provisions which were a spur to the national.²¹

Consideration of proposals introduced in 1903 and 1904 was delayed because from 1905 to 1907 the union devoted its resources to the eight hour struggle, which was finally a catalyst to pension adoption. As a result of strikes and lockouts during the eight hour battle some members had permanently lost their jobs. Older workers had particular difficulty finding work. There were too many for the printers' home. A plan sub-

²⁰Ibid., pp. 103-4. Regular Meetings 2 October 1909 and 7 November 1909, NYTU Minute Books, vol. October 1909-October 1912.

²¹Kennedy, Beneficiary Features of American Trade Unions, pp. 104-5.

mitted in 1907 was easily ratified.²² In this instance, extensive unemployment, in particular among older workers, was the direct reason for the establishment of the pension system.

Requirements for the weekly pension of \$4 were sixty years of age, twenty years continuous good standing and earnings less than \$4 per week. The original plan stipulating that the member must have no other means of support was interpreted liberally. The pension was paid as a matter of right, not of charity. For financing pensions the union levied an assessment of one-half percent on members' wages. At the local level members receiving benefits had to appear annually before the benefit board for reexamination.²³

²²Latimer, Trade Union Pension Systems, pp. 21-22; *ibid.*, p. 105.

²³Kennedy, Beneficiary Features of American Trade Unions, p. 105. Regular Meeting 7 July 1909, NYTU Minute Books, vol. May 1906-September 1909, NYPL. Among the typographers the tendency was to remain working for as long as possible. The union had set an age sixty retirement until 1925 when the age was raised to sixty-one. The union planned to raise the age to sixty-five by 1930. In 1927 the sixty year age was restored, in part because economic conditions made it more difficult for workers generally and older workers in particular to find work. Still, during the fund's operation the average age at retirement was not near sixty. The average retirement ages between 1909 and 1927 were as follows:

1909	69.9	1914	65.7	1919	64.9	1924	64.8
1910	66.4	1915	65.6	1920	64.2	1925	66.2
1911	66.7	1916	65.1	1921	60.1	1926	66.9
1912	66.5	1917	65.1	1922	64.3	1927	67.2
1913	65.8	1918	63.1	1923	64.3		

During World War I the fund prospered due to increased employment and earnings and the fact that older men were recalled to replace younger men gone to war. These years were followed by a period of deflation, war's end and the return of younger men, decreased employment, earnings, and the strike for the forty-four hour week, all of which put the fund in the red almost \$122,000 in 1923. U. S. Department of Labor, Bureau of Labor Statistics, Bulletin, Beneficial Activities of American Trade Unions, Miscellaneous Series no. 465 (September 1928), pp. 40-41.

Over the next twenty years a small number of unions established formal pension plans. The Quarry Workers International Union of North America (1911), the Amalgamated Association of Street and Electric Railway Employees (1912), the Brotherhood of Locomotive Engineers (1913), the Bricklayers, Masons, and Plasterers (1914), the Bridge and Structural Iron Workers (1915), the Brotherhood of Locomotive Firemen and Enginemen (1920), the Brotherhood of Railroad Trainmen (1925), the International Printing Pressmen and Assistants Union of North America (1925), and the Electrical Workers (1927) set up plans and paid benefits.²⁴

With the promise of a union pension, a worker had some mobility, not just among firms but possibly among cities, depending on the mix of local and national benefits. A member could change jobs any number of times and risk being fired for union activity. By offering this security a union plan fostered loyalty to the union and made the union itself more secure.

Union pension plans were administered entirely by union members. Usually changing a plan was a convention matter. This made changes, most

²⁴Massachusetts, House, Commission on Old Age Pensions (1910), p. 176; U. S. Department of Labor, Beneficial Activities of American Trade Unions, pp. 33-44; Latimer, Trade Union Pension Systems, pp. 14-15, appendix A, pp. 164-73, appendix C, pp. 180-81. A unique proposal made in 1911 by the U. S. Brewers' Association to the International Union of the United Brewery, Flour, Cereal and Soft Drink Workers would have set up an industry plan. (At the time the Brewers' Association represented 40 percent of beer production in the United States.) The plan was to be financed jointly by employers and employees. It was rejected by the union membership 22,936 to 12,888, partly because it would have established cooperation between employees and employers. Latimer, Trade Union Pension Systems, p. 26.

of which resulted from financial conditions, cumbersome to make.²⁵

Membership was compulsory. For the most part both disability and old age provisions developed in industries where firms did not establish plans.²⁶ Railroading is the prominent exception. There union plan membership was voluntary and only about 20 percent of the members of the three brotherhoods participated.²⁷

Union superannuation benefits took several forms: a weekly or monthly stipend, a lump sum, or support in a home. Regular payments were favored. Support in a home required leaving family and community, possible sources of further support. Several unions established old age homes before they established old age pensions. Where this was the case, pensions became necessary because the number in need was so great. In attempting to meet this need unions were caught between the limitations of indoor relief and the cost of extensive outdoor relief.²⁸ Lump sum benefits were common. Though a lump sum might not be managed well it gave the retiree more control of the benefit and made possible alternatives not otherwise available. For example, the old age pension system of the Street Railway Employees (1912) had provided a benefit of \$1 to \$3 per week. In

²⁵ Ibid., p. 7.

²⁶ Latimer estimated that of 930,000 trade unionists in organizations with pensions in 1931 nearly 70 percent were in industries where companies did not offer benefits. Ibid., p. 117.

²⁷ Ibid. The three brotherhoods with old age provisions were the Locomotive Engineers (1913), the Firemen and Enginemen (1920), and the Railroad Trainmen (1925).

²⁸ Ibid., pp. 8, 18-19.

1912 the benefit was changed to a lump sum at sixty-five in order to enable retired members to engage in business.²⁹

In theory the appropriate financing scheme depended on the bases for the pension. Pensions thought of as charity or efficiency measures--to make room for younger workers--should be financed by the present generation of workers. Where the pension was payment for past service or a right under an agreement the pensioners themselves should have accumulated a fund.³⁰

Union plans were supported entirely by members, usually according to a funding plan since no other source of money was available for benefits. Only well-financed unions with large-prosperous organizations could assume the mounting costs of an old age pension plan. Unemployment among members or decrease in membership would tend to undermine any benefit scheme.³¹

A comparison among per capita expenditures by four unions for lump sum superannuation benefits bears this out. Table 1 shows average per capita expenditures for each union assuming an average benefit of \$1,000. Each set of figures begins with the plan's first year of operation. The differences reflect the size and prosperity of the unions. Benefits themselves are also worth note: the Locomotive Firemen and Enginemen's

²⁹U. S. Department of Labor, Beneficial Activities of American Trade Unions, pp. 33-34. Payments of this lump sum benefit began in 1915. Latimer, Trade Union Pension Systems, p. 202.

³⁰Latimer, Trade Union Pension Systems, p. 10.

³¹Ibid., p. 121; U. S. Department of Labor, Beneficial Activities of American Trade Unions, p. 2.

TABLE 1

Union Membership and Per Capita Expenditures
Assuming \$1000 Average Lump Sum Benefit

	Brotherhood of Locomotive Firemen	Quarry Workers	Street and Electric Railway Workers	Railroad Trainmen
amt(membership)				
1913				\$.02 (133,800)
1914		\$1.00 (4,000)		.03 (126,100)
1915		.28 (3,600)	\$.04 (58,900)	.05 (130,500)
1916		1.43 (3,500)	- (64,600)	.05 (143,200)
1917		.86 (3,500)	.08 (73,700)	.05 (158,100)
1918		1.94 (3,100)	.06 (78,600)	.05 (181,400)
1919		2.00 (3,000)	.06 (89,700)	.08 (196,900)
1920		2.67 (3,000)	.09 (98,700)	.08 (184,600)
1921		4.67 (3,000)	.09 (100,000)	.13 (177,200)
1922	\$.50 (107,300)	7.00 (3,000)	.21 (100,000)	.17 (169,800)
1923	.61 (118,000)	5.00 (2,400)	.70 (100,000)	.22 (178,900)
1924	.70 (107,500)	5.86 (2,400)	.53 (100,000)	.26 (177,800)
1925	.82 (106,800)	4.00 (3,000)	.63 (100,000)	.39 (179,200)
1926	1.23 (106,600)	6.00 (3,000)	.76 (101,000)	.47 (183,300)
1927	1.25 (104,800)	3.33 (3,000)	.90 (101,000)	.64 (184,400)
1928	1.47 (104,200)	2.67 (3,000)	.81 (101,300)	.69 (183,900)
1929			1.09	

Source: Latimer, Trade Union Pension Systems, p. 79, Table 8; p. 135, appendix, table VI; p. 132, appendix, table III.

average pension ranged from \$1,360 to \$1,486; the Railroad Trainmen's ranged from \$1,466 to \$1,745; the Quarry Workers was \$50; and the Street and Electric Railway Employees was \$800.³²

As union plans matured alterations were necessary to meet financial problems. In 1925 the Locomotive Engineers' Journal reported,

Many union pension funds are sagging now as the membership gained in the late 90's and early 00's reach the age of retirement. In addition the World War laid stress on these protective funds. Tightening restrictions has been the only recourse, as higher fees have seemed either unfair or impossible of approval.³³

Throughout the 1920s union plans suffered. Pension roles grew due to unemployment,³⁴ contributions decreased due to lowering incomes, other means of support disappeared, and union membership declined. Plans were altered by raising the retirement age, increasing the membership requirement, reducing the income allowed a pensioner, and reducing the age for admission to the plan.³⁵

By 1930 still only a small portion of workers were covered by union pensions and plans were contracting in both membership and benefits. As table 2 shows, while almost a quarter of union members were covered by

³²Latimer, Trade Union Pension Systems, appendix, Table VI, p. 135.

³³Locomotive Engineers' Journal 59 (November 1925):868.

³⁴In railroading, for example, employment declined between 1920 and 1930 displacing 535,000 workers. President's Research Committee on Social Trends, Report, Recent Social Trends in the United States, vol. 2 (New York: McGraw-Hill Book Company, Inc., 1933), p. 807.

³⁵Latimer, Trade Union Pension Systems, p. 37.

TABLE 2

Union Superannuation Benefit Coverage

Year	Total Union Membership	Total Members Covered	% Total Members Covered	% Labor Force Covered	% Non-farm Labor Force Covered
1900	868,500	3,300	0.4	.01	.02
1905	2,022,300	18,600	0.9	.06	.09
1910	2,184,200	72,000	3.3	.2	.3
1915	2,607,700	421,300	16.1	1.1	1.6
1920	5,110,800	737,800	14.5	1.8	2.6
1925	3,817,900	709,600	18.6	1.6	2.1
1928	3,900,000	914,600	23.5	2.0	2.6

Sources: Latimer, Trade Union Pension Systems, table I, pp. 128-29; U. S. Bureau of the Census, Historical Statistics, vol. 1, Series D 1-10, p. 126.

some form of superannuation pension or lump sum benefit (excluding old age homes) in 1928, those covered constituted only 2 percent of the labor force and only about 2.6 percent of the non-farm labor force.³⁶

Outside the railroad brotherhoods, those unions providing superannuation benefits tended to be the craft-based unions of the nineteenth century. Workers in the ascendant sectors of the industrial economy were unprotected and most vulnerable. At the same time labor unrest in the closing decades of the nineteenth century and early decades of the twentieth had employers on guard. The increasing numbers of organized workers and the increasing role of unions made even these limited attempts at

³⁶ Ibid., pp. 128-29.

self-protection worth notice. To the extent that union pensions made workers independent of employers they were unacceptable to business. Motivations for establishing company plans were structurally counter to the union plans: the two implied different loyalties and had different implications for the role and viability of unions. As I will discuss in chapter 6, company pensions were introduced in part to win the loyalty of workers away from unions and to undermine union strength, on which such benefits as union pensions depended.

Despite increasing recognition of the workers' inability to save for old age, thrift was advanced as a remedy for old age dependence. Schemes for individual savings and the instruction of thrift were popular at the turn of the century. Thrift ideology relieved industry of the responsibility for poor wages and poverty and created business for insurance companies. The Prudential, Metropolitan Life, and other companies had old age annuity plans "for the working classes" by 1910.³⁷

Senator John F. Dryden, founder of the Prudential Insurance Company and a director of U. S. Steel, wrote to his son Forest F. Dryden, President of the Prudential, regarding these schemes,

The American aim and ideal is for the highest possible degree of economic independence; and such independence throughout life, particularly in old age can only be gained by rational education in family expenditures, savings and insurance and by a decidedly higher degree of industrial efficiency of the workers of the nation. The only permanent solu-

³⁷ Massachusetts, House, Commission on Old Age Pensions (1910), pp. 179-83.

tion to the problem of poverty is through the development of the virtues of self-reliance, forethought, and thrift; . . . ³⁸

Under thrift schemes, those whose companies produced economic hardships among workers would teach them how to live with those hardships.

In Massachusetts, under the state's Insurance and Annuity Act of 1908, savings banks, operating without stockholders and solely for the benefit of depositors, were designated as the institutions to administer the state's version of a thrift program. Nearly 300 labor organizations supported the act, among them the state A. F. of L., the Boston Central Union, the International Boot and Shoe Workers' Union, and the International Textile Workers' Union. ³⁹

Such plans as the Massachusetts savings bank plan had little chance of success. In general wages were near subsistence, "as though sickness, accidents, invalidity and old age had been banished from the earth."⁴⁰ In 1906, \$600 a year was considered the minimum livable income outside agriculture for a family of five in the United States. In the same year average annual earnings of employed workers in the textile industry were \$360, in iron and steel \$617, in agricultural implements \$548, in electrical machinery \$522, in clothing \$454, in lumber \$479, in leather \$534, in paper and printing \$549, in rubber goods \$454, in petroleum refining \$606,

³⁸ Lee Welling Squier, Old Age Dependency in the United States. A Complete Survey of the Pension Movement (New York: Macmillan Company, 1912), p. 264.

³⁹ "Massachusetts Substitute for Old Age Pensions," pamphlet issued by Massachusetts Savings Insurance League (1925?).

⁴⁰ Squier, Old Age Dependency, p. 38.

in glass \$719, in tobacco \$403, and in auto \$689.⁴¹ Most wages were not adequate to the minimum standard so it was hardly possible to save.

As might have been anticipated, these plans were not very popular among a population whose wages were often barely adequate to subsistence. An affordable premium produced a retirement benefit too small to make a difference; a reasonable retirement benefit required prohibitive premiums.⁴² The second alternative for old age support was unworkable.

The third alternative, government old age pensions, was part of a broad program of social reform. The Charity Organization Society Movement begun in England in 1869 was soon introduced to the United States. The new charity was organized systematically and administered "scientifically." Applying business techniques to the administration of charity was consistent with the methods of other large scale, bureaucratic organizations of the time. A response to the hardships of industrial life and the unorganized relief practices of the 1870s, it also provided an occasion and method for the documentation of widespread need and a basis for the argument that older forms of relief--in particular, indoor relief--were costly and inefficient.⁴³ New outdoor relief programs based on the

⁴¹Paul D. Douglas, Real Wages in the United States 1890-1926, Publications of the Pollak Foundation for Economic Research, no. 9 (Boston: Houghton Mifflin Company, 1930), pp. 258, 265, 271, 276, 283, 292, 296, 299, 303, 307.

⁴²Squier, Old Age Dependency, p. 267.

⁴³Daniel T. Rogers, The Work Ethic in Industrial America 1850-1920 (Chicago: University of Chicago Press, 1978), pp. 224-28.

assumption of widespread social problems influenced later reform proposals for government intervention.

By the 1880s and 1890s notions of unemployment and poverty had turned from their focus on the individual unemployed to the social phenomena themselves. The new charity faced the exigencies of the industrial order. Some went so far as to argue that theories attributing unemployment and other social ills to overpopulation, immigration, or fluctuations in money supply were mistaken and that these phenomena were aspects of the disorganization of the industrial system.

Such theories were unnecessary for many workers whose direct experiences yielded similar analyses. Old age unemployment and poverty, no less than these phenomena generally, were recognized as products of the industrial system. There was organized agitation for state old age insurance from about 1900 though the question had been raised earlier as other countries--notably Germany, Iceland, Denmark, Italy, and New Zealand, all before the turn of the century--adopted measures to meet the need.

In the Journal of United Labor, the publication of the Knights of Labor, a specific proposal was put forth as early as 1888 for a workers' fund to provide pensions.

Each large factory or workshop that owns machinery should have each machine, building and ground taxed so much for the State tax as now exists; so much for the workers' fund. It is but just. The machine robs many a laborer of his bread; it should, in turn support the disabled, old and helpless. . . . Too many of us give our best years to building up the fortunes of others, and find it impossible from our scanty wages to lay up a penny for future needs. Therefore, why not urge it

upon our law-makers--the necessity for a workers' fund?⁴⁴

Terrence V. Powderly, Grand Master Workman of the Knights of Labor, wrote in favor of government pensions for workers in October 1891. He argued that if soldiers, who do the work of destruction, deserve pensions, certainly workers, who produce in the society, deserve them.⁴⁵

The workmen are to-day battling in the struggle through which corporate greed is enriched, and, when the end of the thirty years rolls around for each and every one of them, they are dismissed and another soldier of poverty enlists to go on until his aching back can no longer bear the burden. . . . Is it not time to agitate the question of paying a pension to the man who works himself into premature old age in the service of the nation? In this age there is no longer standingroom for the man who works on the field of labor; his work must be done before he looks upon the morning of his fiftieth birthday, or not at all. The opportunities are taken from him, and, no matter at what cost, loss of pride or feeling, he must take from the hand of charity that which he has earned from his country. It

⁴⁴"'Warriors' and 'Workers'," The Journal of United Labor (Philadelphia) 9 (13 September 1888):2.

⁴⁵Soldiers' pensions were notorious in the late nineteenth century. In addition to being increased to obtain votes, pension rolls and allowances were increased to solve the problem of the federal budget surplus! In fact, the ideological distinctions drawn between military and civilian, between public and private pensions are enlightening and will be included in further work. To give a sense of the military case: Some argued that soldiers were working for their country rather than for themselves and so ought to be pensioned as reward. The counter was that, while in a monarchy such might be the case, in a democracy soldiers are, in fact, fighting for themselves and ought not to be pensioned. By risking their lives, soldiers were also distinguished from civilian workers. (It was in part on this basis that pensions for policemen and firemen were argued and established.) In response, reformers pointed out the risks of industrial work. For background on military pensions, see William Henry Glasson, History of Military Pension Legislation in the United States (New York: n.p., 1900) and Charles Francis Adams, The Civil War Pension Lack-of-System; A Four Thousand-Million Record of Legislative Incompetence Tending to General Political Corruption (n.p., 1912?).

certainly is right to pension his services in another direction by retiring him from the field of industry on a pension. It will come to that someday, and we may as well begin the agitation that will make of our posterity an independent, self-respecting citizenship, instead of inmates of alms and poor houses, when no longer able to shovel wealth into the pockets of millionaires.⁴⁶

Though labor was divided--advocating variously higher wages, union pensions, state pensions, or revolution--there was agreement that old age unemployment and poverty required action. After the turn of the century agitation became more organized and involved a variety of advocates--including labor, reformers concerned with the affects of industrial conditions, and corporate liberals interested in the system's survival. In view of the examples of foreign systems, the documentation of widespread need, the inefficiency of indoor relief, the failure of individual-oriented schemes, and the recognition of the social basis of the problem, reformers directed their efforts toward insurance by the states or federal government.

Isaac Max Rubinow, an advocate of a broad range of social insurance, including insurance against old age unemployment, accidents, illness, unemployment, and death, favored government insurance for old age in part because private company pensions were objectionable. He wrote in 1904,

This great triumph of private charity [referring to the railroad and Carnegie Steel pension plans introduced since 1900] has all the worst features that such a fund can have, for all the benefits for sickness, accidents, as well as old age, are received by the workingmen, not as a matter of right, but a favor given only for continuous "good behavior."⁴⁷

⁴⁶"The Payment of Pensions," The Journal of United Labor (Philadelphia) 12 (1 October 1891):2.

⁴⁷Isaac Max Rubinow, "Labor Insurance," Journal of Political Economy 12 (1903-1904):362-81.

Rubinow advocated government old age insurance which, though it could be carried out by municipal and state governments, seemed best brought under the federal government, which had experience with army pensions.⁴⁸ Over the next twenty years Rubinow was active in efforts to establish broad ranging social insurance.

Old age pension bills were put before state legislatures. In Massachusetts bills were introduced each session beginning in 1903. Bills were considered in Pennsylvania beginning in 1909 and in Wisconsin starting in 1911. However, Alaska was the first "state" to pass an old age pension law, in 1915, enabling counties to adopt old age pension provisions.⁴⁹

Proposals for state insurance advanced a variety of arrangements. Some put forward a pro rata tax on industry; some required employee contributions; some would have been provided out of general revenues. Some prescribed benefits based on age alone; others required minimum service or residence; some allowed an automatic pension to any worker unable on account of age to find employment. Virtually all were intended only as income supplements rather than complete support.

Some of the impetus for these bills came from the American Association for Labor Legislation (AALL), founded in 1906 by a group of social scientists interested in a wide range of labor reforms. Though the AALL

⁴⁸ Federal pensions were at the time generally argued to be unconstitutional, a violation of states' rights.

⁴⁹ Arizona had passed a law in 1914 but it was voided by the state superior court. President's Research Committee, Recent Social Trends, vol. 2, p. 1234.

focused on health insurance, its work included unemployment insurance and old age pensions. The AALL drafted a model pension bill which it circulated and promoted among the states.⁵⁰

Beginning in 1910 with the Massachusetts Commission study, the problem received growing documentation and publicity. Though most of the state research advocated voluntarism--individual thrift or private company plans--the studies were nonetheless affirmation of the public nature of the problem.⁵¹

Old age pensions became the leading social issue of the 1920s. Around the country a variety of organizations were founded with a wide range of plans--some of them quite fantastic--to provide income security for the aged. Among these, the Townsend movement and the Fraternal Order of Eagles were prominent.⁵² Probably most notable and influential among the organizations was the American Association for Old Age Security⁵³

⁵⁰Microfilm Edition of the Papers of the American Association for Labor Legislation, 1905-1943, Reels 65 and 66: Old Age Pensions and Insurance, 1910-1940, Tamiment Institute Library, New York University, NY. In particular, reel 65, Research Materials Old Age Pensions and Insurance 1919, model pension bill.

⁵¹For example, Pennsylvania, Report of the Pennsylvania Commission on Old Age Pensions (Harrisburg: J. L. L. Kuhn Printer, 1919); Industrial Commission of Wisconsin, Report on Old Age Relief (March 1, 1915); Ohio, Report of the Commission on Health and Old Age Insurance (1918); California, Report of the Industrial Accident Commission (1919).

⁵²For background on the Fraternal Order of Eagles, see Roy Lubove, The Struggle for Social Security, 1900-1935 (Cambridge, MA: Harvard University Press, 1968), pp. 137-46; on the Townsend movement see Abraham Holtzman, The Townsend Movement: A Political Study (New York: Bookman Associates, Inc., 1963). Also, U. S. Congress, House, Select Committee Investigating Old-Age Pension Organizations, Old-Age Pension Plans and Organizations. Hearings Before the Select Committee . . . Pursuant to H. R. 443, 74th Cong., 2nd sess., 1936, 2 vol.

⁵³The American Association for Old Age Security became the [cont.]

founded in 1927 by Abraham Epstein, who had chaired the 1926 Pennsylvania Commission on Old Age Pensions and who authored several books on old age security. Like Rubinow, Epstein devoted his career to agitation for social insurance but focused particularly on old age pensions.⁵⁴

By the end of 1928 six states had passed enabling laws and from 1929 to 1931 eleven more states passed laws, six of these mandatory.⁵⁵ By 1933 fifteen states were paying old age pensions.⁵⁶ These state provisions were eventually superceded by federal social security programs.

Though it was not until well into the 1920s that reform efforts produced effective public action, the agitation, which had been present since the turn of the century, was taken seriously by business--not only in itself but as just one aspect of a wave of reform which demanded response. Business responded by establishing company pension plans and by opposing old age pension legislation.

During the first two decades of the century the National Civic Federation (NCF) served as a clearinghouse for businesses interested in establishing old age pension plans as well as other welfare measures.

American Association for Social Security.

⁵⁴Books by Epstein include: Facing Old Age; A Study of Old Age Dependency in the United States and Old Age Pensions (New York: A. A. Knopf, 1922); The Challenge of the Aged (New York: Macy-Masius, The Vanguard Press, 1928); Insecurity: A Challenge to America (New York: Harrison Smith and Robert Haas, 1933); and Social Security (New York: League for Industrial Democracy, 1937).

⁵⁵President's Research Committee, Recent Social Trends, vol. 2, pp. 1199-1200.

⁵⁶California, New York, Massachusetts, Wisconsin, Delaware, New Hampshire, Idaho, New Jersey, Utah, Wyoming, Kentucky, Maryland, Minnesota, Nevada, and Montana.

Founded in 1900 and patterned after the Chicago Civic Federation, whose activities focused on civic reform and industrial arbitration and conciliation, the National Civic Federation included the active participation of some labor leaders, among them Samuel Gompers, but was dominated by big business. Opposed to government intervention in industrial relations, mindful of the need for industrial peace, and vigilantly on the lookout for an "entering wedge" of socialism, the Federation advocated voluntary old age pension plans as part of industrial welfare programs designed to address these issues.⁵⁷

The Federation's Secretary, Ralph Easley, and his secretary Gertrude Beeks (who became Gertrude Beeks Easley), corresponded with firms. They provided lists of companies which had adopted plans and specific information on practices, including copies of particular plans. Such firms as American Sugar Refining, General Electric, Prudential Insurance, American Telephone and Telegraph, Armour, Metropolitan Life, Firestone Tire and Rubber, numerous railroad companies, United States Steel, and scores of others used the Civic Federation as a forum--both by mail and at meetings--for the exchange of ideas and data on old age pension plans. In the 1920s, when private plans faced financial problems,

⁵⁷ NCF Papers, Boxes 85-90, NYPL. These boxes contain the papers of the NCF Industrial Welfare Department from 1912 to 1929 and include papers concerned with old age dependency and pensions. As part of its program for industrial peace, the NCF encouraged unions, arguing that it was important to establish stable ongoing relations amenable to arbitration and conciliation techniques. For information on the activities of the NCF, see James Weinstein, The Corporate Ideal in the Liberal State: 1900-1918 (Boston: Beacon Press, 1968) and Marguerite Green, The National Civic Federation and the American Labor Movement 1900-1925 (Washington, D.C.: The Catholic University of America Press, 1956).

NCF efforts included communications with insurance companies engaged in various forms of pension reinsurance and annuity plans.⁵⁸

Dominated by large businesses able to manage welfare problems internally and viewing old age dependence and pensions as a problem of industry, the NCF advocated a voluntary solution in the

policies and practices of employers, especially the leaders--the railroad companies, the great manufacturers, the gigantic producers of the necessities for the high plane of civilization reached in this country.⁵⁹

The NCF was adamantly opposed to legislation on the matter.⁶⁰ The Easley's kept close watch on legislation in the various states and were in touch with state manufacturers' associations.⁶¹

In March 1923 Gertrude Easley wrote to Carleton A. Chase, President of the First Trust and Deposit Company of Syracuse, New York. She

⁵⁸For example, Roy A. Hunt, vice-president, American Central Life Insurance Company, Indianapolis, Letter to Charles L. Edgar, chairman, NCF Industrial Welfare Department, 8 January 1926; Raymond F. Low, president, American Reserve Life Insurance Company, Omaha, Letter to Charles L. Edgar, 7 January 1926; M. Montgomery, president, Acacia Mutual Life Association, Washington, D.C., Letter to Charles L. Edgar, 4 February 1926; NCF Papers, Box 85, file: Old Age Dependency and Pensions, General Correspondence A, NYPL.

⁵⁹National Civic Federation, Study Extent of Old Age Dependency. Report by the Industrial Welfare Department upon Economic and Physical Status of Persons 65 Years of Age and Over in New York, New Jersey, Pennsylvania, and Connecticut includes Additional Data from Massachusetts (New York: National Civic Federation, 1929), p. 8.

⁶⁰On the other hand, the Federation favored government pensions for public employees. In 1912 the NCF had established a committee to adopt a model pension bill for states and the federal government. F. Spencer Baldwin, chairman, NCF committee to prepare model pension bill, Letter to James Duncan, International Secretary-Treasurer, Granite Cutters' International Association of America, 13 April 1912, NCF Papers, Box 85, file: General Correspondence D, NYPL.

⁶¹NCF Papers, Box 85, files of general correspondence, throughout, NYPL.

had been appointed to the New York County Trade Commission Committee and in that capacity had read the Lyman bill, which would establish state old age insurance. She wrote,

We have been trying to defeat this proposed legislation in a number of states. I am inclined to think that if it has not been introduced in New York State the one reason is because of the knowledge of our efforts. I understood that its introduction was intended but up to about a week ago it had not been placed before the legislature. The Lyman bill is as bad. It is pending.

Once the entering wedge is made all sorts of "socialization" schemes will be put forth and with our people uninformed they may gradually secure the enactment of laws which will menace our institutions.

. . . I spent the morning digesting the bill and it seems to me to be the most pernicious proposition that could be conceived. I wonder how you feel about it.

Chase wasted no time, replying the next day. He wrote,

You know, I guess, how I feel regarding all these paternalistic measures and I believe everything possible should be done to prevent their becoming attached to this country.⁶²

The Civic Federation's efforts to develop an alternative to state insurance were less to provide protection in old age than to ward off intervention. In May 1924, P. Tecumseh Sherman, an attorney active in NCF affairs, wrote to George T. Wright, Secretary and Manager of the Association of Life Insurance Presidents,

Our organization has successfully opposed legislative propositions for compulsory state social insurance laws on sickness and unemployment insurance and old age pensions. It has published the results of four inquiries showing conclusively that we should not adopt

⁶² Gertrude Beeks Easley, Letter to Carleton A. Chase, president, 1st Trust and Deposit Company, 12 March 1923; Chase, Letter to Easley, 13 March 1923; NCF Papers, Box 85, file: General Correspondence C, NYPL.

such plans in the U.S.

It is believed by many that employers and workers should co-operate on lines that will stand the test of time. It is also believed that some step should be taken in the near future by those interested in industrial welfare to promote some progress [progress?] on old age pensions, which will at least be the first step toward the solution of this problem.⁶³

During the 1920s pressure from the movement for government pensions increased at the time that company plans were in financial trouble. In 1924 the NCF Committee on Pensions began preparation of what was to be a "constructive plan" for old age pensions. The chairman of the committee to draft the report was P. Tecumseh Sherman, a lawyer who had served as New York's Commissioner of Labor between 1905 and 1907. The rest of the committee were William J. Graham of the Equitable Life Assurance Company, Frank V. Whiting of the New York Central Lines, Arthur Williams of the New York Edison Company, James E. Kavanaugh of the Metropolitan Life Insurance Company, and J. W. Sullivan of the American Federation of Labor. Edmund S. Cogswell, who had been secretary of the Massachusetts Commission on Old Age Pensions, was hired in 1926 to do work on the analysis of old age dependence.⁶⁴ The Committee was to spend two months in Europe and have a final draft prepared by October. Then a conference of about fifty corporate and national labor organization representatives would make further proposals. Falling somewhat behind schedule this plan was carried

⁶³Chairman, NCF Welfare Department Committee on Pensions, Letter to George T. Wright, Secretary and Manager, Association of Life Insurance Presidents, 23 May 1924, NCF Papers, Box 85, file: Old Age Dependency and Pensions, NYPL.

⁶⁴Gertrude Beeks Easley, Letter to Mrs. Sydney C. Borg, Conference on Charities and Corrections, NCF Papers, Box 85, file: Old Age Dependency and Pensions, General Correspondence B, NYPL.

out.

Through the survey of typical American industrial cities and interviews with nearly 15,000 aged people the committee gathered data on disablement in old age, length of service, and economic status.⁶⁵ Among the towns surveyed were Buffalo, Syracuse, Troy, Corning, Elmira, Wales, and New York City, New York; Bridgeport and Meriden, Connecticut; Newark, Trenton, and New Brunswick, New Jersey; and Williamsport and Reading, Pennsylvania. The primary purpose of the study, done under a \$40,000 appropriation from the Carnegie Corporation, was to get facts on which to base financial estimates for old age security provisions. Faced with failing private plans as an argument for state intervention, the NCF proposed to solve the problem of financially unsound private pensions by establishing actuarial standards and encouraging employee contributions to funding.

Writing in 1924, Ralph Easley explained the impetus of the study.

Possibly you are aware that railroad companies and individual corporations adopted pensions without realizing what would be, as they are now beginning to realize, an appalling accrued liability. The mounting cost is stupendous.

Labor, we find, will welcome a contributory plan. This fact, and the failure of Morris and Co. to safeguard their employees when merging with Armour & Co., make timely the proposition not only to protect employers by offering an actuarially sound scheme but one which will stimulate thrift and prevent the adoption here of any pauperizing European state pension scheme which

⁶⁵P. Tecumseh Sherman, chairman, Committee on Old Age Pensions, Letter to Edward G. Acheson, president, Acheson Graphite Company, Niagara Falls, 30 September 1927, NCF Papers, Box 85, file: Old Age Dependency and Pensions, General Correspondence A. This is a form letter sent to many businesses.

also would bring unbearable tax burdens.

Our plan will be contractual with some form of trusteeship. The growing confidence in insurance will make it possible for the great old line insurance organizations to be utilized.⁶⁶

So the recommendations of the study were a foregone conclusion.

Anticipating the document's completion, Ralph Easley wrote to various state legislators in 1927 calling attention to the study, which would "indicate whether or not state old age pensions should be advocated."⁶⁷

Three years earlier Easley had written,

We have persistently and successfully opposed state Old Age Pensions, one of the devices to secure an entering wedge to socialization of industry and final disruption

⁶⁶ Ralph M. Easley, Letter to John G. Agar, Agar, Ely, and Fulton, New York City, 21 July 1924, NCF Papers, Box 85, file: Old Age Dependency and Pensions, General Correspondence A, NYPL. The Prudential Insurance Company in 1908 and the Metropolitan Life Insurance Company in 1909 began to offer policies for old age insurance. Premiums were based on age at entry and level of benefits. Weekly premiums were paid until sixty-five when the annuity began. For example, the premiums for Metropolitan's plan providing \$100 in life insurance and \$100 in annuity were 13¢ for entry at age twenty, 16¢ at twenty-five, 21¢ at thirty, and so on, up to 82¢ at fifty. Once the annuity began premiums were discontinued. Massachusetts, House, Commission on Old Age Pensions (1910), pp. 179-83. Some insurance companies writing policies for old age pensions did so for particular sectors, perhaps in an attempt to choose better risks. The Provident Mutual Life Insurance Company of Philadelphia, for example, which began to offer annuities in 1926, preferred pension plans "for offices, financial institutions, and the like, rather than to factories and plants." Edward W. Marshall, Associate Actuary, Provident Mutual Life Insurance Company, Letter to Charles L. Edgar, Chairman, NCF Industrial Welfare Department, 5 January 1926, NCF Papers, Box 86, file: Old Age Dependency and Pensions, General Correspondence P - Q, NYPL. These organizations would have also been more familiar with such plans based on experience with their own employees.

⁶⁷ For example, Ralph Easley, Chairman, NCF Executive Committee, Letter to Chairman, Judiciary Committee, Alabama State Senate, Montgomery, 10 February 1927, NCF Papers, Box 85, file: Old Age Dependency and Pensions, General Correspondence A, NYPL.

tion of our government.

Now, we want to offer a solution of the problem which we can do with the expert help of the insurance companies. It must be an insurance proposition to protect corporations from the mounting costs of free pensions, most startling, and employees against the loss of pensions in case of failure or merger of the business.⁶⁸

The Extent of Old Age Dependency, the final report issued by the Industrial Welfare Department of the NCF, advocated contributory pensions in industrial concerns and warned against state systems.⁶⁹

The thrift plans and union pensions proposed to alleviate the problem of old age dependency were impracticable given wage levels and the state of the labor movement. Extensive union provisions and state old age insurance were unacceptable to business. However, not only to ward off state intervention did private companies adopt pension plans during the first three decades of this century. Business had its own reasons for adopting old age pensions. In the next chapter I will discuss these motivations.

⁶⁸ Ralph M. Easley, Letter to John G. Agar, Agar, Ely and Fulton, New York City, 17 July 1924, NCF Papers, Box 85, file: Old Age Dependency and Pensions, General Correspondence A, NYPL.

⁶⁹ National Civic Federation, Extent of Old Age Dependency, pp. 16-18. The business community was not unanimous in its support of voluntary pension provisions. Divisions in the business community is a question to which I will give more attention in further work.

VI

MOTIVATIONS FOR A CORPORATE SOLUTION: CORPORATE NEEDS AND PRACTICE

Over the first three decades of the twentieth century private corporations in the United States began to adopt formal old age pension systems. Informal practices of the past based in small scale operations, personal familiarity, and social obligations became obsolete in the large scale, nationally organized, and geographically dispersed stock ownership corporations created by the late nineteenth century. Growing awareness of old age dependency and its interpretation as a problem of industry created pressure for firms to rationalize unemploying older workers and to provide old age retirement support. Following European examples, trade unions had adopted pension plans which were a threat to companies since benefits strengthened workers' economic and political

loyalties to unions. The movement to establish old age insurance was seen by some to threaten government regulation of labor relations. To undermine independence and union strength--such as was embodied in union welfare provisions--and to avert government intervention on the side of labor, some firms established their own plans and urged the practice on private industry as a whole.

Whether or not they met the needs of workers for old age income, these pension plans served the needs of business and were consistent with business practice. An aspect of attacks on strong unions, pensions courted employees' economic loyalty and encouraged stability to decrease labor turnover and promote industrial peace. In the systematic, bureaucratic style of the large modern corporations, pensions rationalized the unemployment of older, unwanted workers and helped make possible increasing technical efficiency in production. Pensions were also consistent with the structure and purposes of other corporate welfare practices.

Formal pension plans were introduced primarily in larger firms, which contended with nationally organized unions and were the objects of attacks on big business and where rationalization and bureaucratization were becoming standard practice. Railroading and iron and steel were among the earliest of these modern industries. They were also among the earliest in which old age pension plans were adopted. These two offer examples of the business interests which gave rise to private old age pensions.

In companies which adopted formal pension schemes, these were

often just one among an array of welfare practices, which included profit sharing plans, libraries, company stores, death benefits, sick benefits, housing, YMCA's, and life insurance. Formal corporate welfare programs were organized under employees' benefit associations, constituting essentially company unions, or under relief departments. Welfare programs had two bases: the employees' need for economic and social welfare and the companies' need for a stable, compliant labor force. These measures did not go far in meeting employees' needs in this period. Nonetheless, competing with and undermining other likewise inadequate benefit arrangements--notably the union programs--company welfare provisions bound employees to the firms.

The place of the railroads in the nineteenth century was firm and primary in the economy. Henry Adams wrote, "The generation between 1865 and 1895 was already mortgaged to the railways and no one knew it better than the generation itself."¹ The railroads were the first industry in the United States with complex managerial hierarchies and many centers of operation. They were among the first corporations to be regulated by state and federal government, to be confronted by powerful, national unions, to have large numbers of stock and bond holders, and to deal with public relations and community welfare.² They were, accordingly the first to adopt formal welfare and pensioning practices for their

¹Henry Adams, The Education of Henry Adams (Boston: Houghton Mifflin Company, 1961), p. 240.

²Thomas C. Cochran, Railroad Leaders, 1845-1890: The Business Mind in Action (Cambridge, Mass.: Harvard University Press, 1953), p. 2.

employees.

In 1880 the Baltimore and Ohio Railroad was one of the leading railroads in the country and one of the first firms to have a separate management section for rationalizing the labor process and handling company labor relations. Four years prior to the establishment of its old age pension plan, in 1880, the B & O pioneered in industrial welfare by the establishment of its relief association. In England railroad companies had organized relief associations since 1850 and in Canada the Grand Trunk Railway had organized an employees' accident insurance association in 1873. W. T. Barnard, organizer of the B & O plan, examined railway benevolent organizations in England, Canada, and continental Europe before setting up the B & O plan.³

In case of death or disability from sickness or accident, the association provided benefits commensurate with members' individual payments for coverage. Two years later in 1882 the savings feature was introduced as part of the relief association's program. This mutual savings plan provided interest on deposits and granted loans primarily for employees' construction or purchase of homes along the railroad lines.⁴

What did the organizers of the Baltimore and Ohio Employees' Relief Association have in mind? "Although, through misapprehension of its provisions and design, opposition was manifested to the plan at its

³Emory R. Johnson, "Railway Departments for the Relief and Insurance of Employes," Annals of the American Academy of Political and Social Science 6 (November 1895):430.

⁴The Catalogue of the Centenary Exhibition of the Baltimore and Ohio Railroad, 1827-1927 (Baltimore: n.p., 1927), pp. 180-81.

inception," in its first year the association's relief feature issued 14,430 policies.⁵ There is no specific mention of the basis for this opposition, but later in the association's First Annual Report there is a suggestion.

It may be reckoned a matter for congratulations that, when understood, our Association has met with such very general acceptance from the employees of the Company. Possessing a well considered and cheap benevolent organization, guaranteed and liberally endowed with many and useful privileges by their employers, yet managed and controlled by a Board of their own selection, those employees of the B & O Company who desire to protect themselves and their families against the pecuniary distresses incident to compulsory cessation from labor, now understand that there is no need for them to seek outside Insurance organizations. The Association has supplied a long-felt want, and its members seem to appreciate the convenience, certainty and regularity in paying fixed and definite contributions, by the plan of periodical deductions from pay rolls, in place of the inconvenient methods of assessment in vogue among co-operative associations and the brotherhoods.⁶

The provisions of the association were an alternative to similar provisions offered by workers' organizations. In a period of considerable labor organizing and militancy among railroad workers, this fact in itself might be enough to create opposition. Compulsory membership in company relief programs would virtually deplete membership in the parallel programs of employee organizations, whose role was in part to provide for workers in the face of hardships suffered in railroad employment and under the conditions of modern industry. Such provision on the part of

⁵First Annual Report of the Baltimore and Ohio Employees' Relief Association, by W. T. Barnard, Secretary (Baltimore: Press of Isaac Friedenwald, 1881), p. 3.

⁶Ibid., p. 14.

working men's organizations laid a basis for mutual benefit and mutual dependence which bolstered a labor organization in opposition to an employer. The treasury established also increased a union's ability to offer support for organizing or in case of a strike. Insurance by labor organizations also affirmed the notion that people ought to take care of themselves.

Independence was a moral virtue of the old order and a right, to which economic self-sufficiency--individually or as part of a group--was prerequisite. Economic self-sufficiency given modern employment required a wage adequate to daily subsistence and to protection against the risks of illness, accident, death, and unemployment. Provision against these risks by the firm, rather than by the individual workman or by organizations of workmen, established dependence on the firm. These provisions violated the principles of independence and self-sufficiency derived from a subsistence agrarian history, as well as setting the workman against himself--fostering dependence on and loyalty to his employer as against his own organization, in this period distinctly at odds with the firm.

The financial structure of the B & O association further bound the employee to the firm. Surplus receipts of the relief fund were invested in B & O common stock.⁷ Such investment, whether by intention or not, made using his economic power against the company contrary to an employee's interests. Hardships suffered by company stock would be

⁷ Ibid., p. 8.

reflected in relief fund payments.

In addition to making donation to the fund of six month's interest on \$100,000 at 5 percent, the company assumed the salaries of the association's secretary, medical inspectors, and clerks and all other operating expenses. The company donation amounted to \$3,000, which was added to \$85,543.26 in members' dues.⁸ Though the Annual Report showed a balance of \$47,040.12 in the fund, after considering future liabilities on the first year account the actual surplus was reported as \$8,779.96 plus the company's donation of \$3,000.⁹ Between using this surplus to decrease the next year's assessments and to increase natural death benefits the latter was chosen. Spread across the membership, the reduction in monthly payments would have been only six cents, while natural death benefits would nearly double.¹⁰ Expenses for the year paid by the B & O company amounted to \$14,955.25 which, if they had been paid from fund receipts, would have left the fund without a surplus for increasing the death benefit.

"The result attained well illustrated the generosity of the Baltimore and Ohio Company to this Association."¹¹ Such generosity

⁸ Ibid., p. 4.

⁹ Ibid., p. 6. In the text the company donation is inaccurately reported as \$4,000, though in an accounting the amount is accurately reported as \$3,000.

¹⁰ Depending on payments the employee made, benefits were on the order of \$100 to \$200. The increase would then bring benefits to \$200 to \$400.

¹¹ First Annual Report of the Baltimore and Ohio Employees' Relief Association, p. 9.

was, in a sense, precisely the problem for the working men and their organizations. Company contributions were often conditional and usually suspect. Workers were well aware that what the company gave the company could take away, while benefits the workers built up for themselves were under their own control.

In the first year membership in the relief association was technically voluntary and open to any employee wishing to join, the company considering it

impolitic to discriminate at its inception against age or physical condition; because those who, by such discrimination, would be excluded from the benefits offered by the scheme, would mostly be men who had grown old in the Company's service, and those whose long and faithful performance of duty had so impaired their constitutions as to render them ineligible for insurance in other organizations.¹²

All employees were permitted to enter the association without medical examinations or any restrictions as to health. However, subsequent to the first year all new employees were required to enter the Association. At the same time, the Company issued peremptory instructions that in order to counteract "the bad effects that might in time arise from having accepted undesirable risks (in the first year), and also for reasons of economic administration," no one over forty-five would be hired.¹³ Those under forty-five must be physically healthy. Finally, a closing date was set for those who were currently employed but had not opted to join. After that date membership would be closed to them.

¹²Ibid., pp. 9-10.

¹³Ibid., p. 10.

As the Annual Report states these provisions, it seems that compulsory membership in the Association motivated the hiring age limit. This relation is not explicit or clear, however. Several considerations might bind these two factors together. The obvious and explicit consideration is that the hiring age limit would keep down overall fund costs and admit only members whose tenure was long enough to absorb the risks which attended old age, namely death and disability.¹⁴ To the extent that the relief fund tied workers to the firm, by enforcing a hiring age limit the firm obtained the long term employees necessary to the stable operation of a large organization. Employees bound themselves to firms which held their money because only in that way could they realize their investment. Contributions were neither vested nor portable.

Finally, the operation of the relief fund gave occasion for the development of a policing mechanism to monitor employee absenteeism and claims to illness. A form for notification of disablement was adopted by the firm. Prior to adoption of the form,

many claims for sick allowance were made by persons who, although actually unable to labor for a few days only, found it profitable [!] to abstain from work the full six days prescribed by the Constitution before sick benefits are allowed, and then to assert total disablement as the reason for not earlier assuming duty.¹⁵

At that point, investigations of claims were unsatisfactory. Prompt

¹⁴While older workers had fewer accidents, the conventional wisdom was that they were more serious due to greater fragility of aged bodies.

¹⁵First Annual Report of the Baltimore and Ohio Employees' Relief Association, p. 11.

inspection of claims was henceforward insured by the requirement that an employee absent from work on account of illness notify his superior. Claims would be allowed only from the date of notification. An inspector would look into the situation within a few days.

The knowledge that such inspection will be had prevents imposition, and as a liberal percentage of those examined are not seriously ill, they return to duty as soon as able, and if within six days, make no claims for allowance.¹⁶

In closing, the First Annual Report suggested additional features to the relief provisions. The savings and loan arrangements, which were established in 1882, and an extension of the savings feature, a pension plan, which was established in 1884, were advanced for response. The savings provisions would be turned into a pension arrangement. If the member had withdrawn his savings before the age of sixty-five, he would be entitled to a yearly annuity or pension based on his deposits with interest. This scheme had the virtue of encouraging thrift.¹⁷

Several points explicit in the Constitution of the Relief Association bear attention. The relief fund was to cover members "disabled by accidents, sickness or by old age, and, at their deaths, for their families."¹⁸ In case of injury by accidents while in the service of the railroad, surgical attendance and \$.50 per day for each day lost were provided to the employee.¹⁹ After six months the daily benefit was cut

¹⁶ Ibid.

¹⁷ Ibid., pp. 16-17.

¹⁸ Ibid., p. 76.

¹⁹ The benefit was pro rated from the \$.50 base according to [cont.]

in half. Certification that the accident occurred while in the company's service and caused total disability for labor for the period specified was required from the employee's supervisor or department head.

Subject to similar certification, in case of death due solely to an accident while in the company's service and within six months of the accident, death benefits of \$500 were to be paid to the person designated by the employee.²⁰ However, in order to receive this benefit or any other, the employee or his beneficiary had to release the company from further responsibility.

. . . the benefits herein promised shall not be payable nor paid when the contributor, or any person entitled to damages because of the accident to him, whether resulting in death or not, has or makes a claim against said Company or any of the Companies operating its branches or divisions (including the Chicago Division) until there be first filed with the Committee a release, satisfactory to them, releasing said Companies from such damages, signed by all persons entitled to the same.²¹

In a period when employee legal claims against the companies were increasing, relief provisions were a way to avoid costly law suits.

Membership was voluntary for officials paid at least \$2,000 a year and employed in jobs not subject to railroad casualties. Other employees were required to subscribe to those features covering injury or death occurring while in the company's service. Employees unmarried and with no immediate family dependent on them might waive death benefits

employee contributions, which were based on pay.

²⁰The \$500 benefit was also pro rated. See note 19.

²¹First Annual Report of the Baltimore and Ohio Employees' Relief Association, p. 76.

--except in the case of death from injuries received while on duty. While apparently protecting those most in need--those with the least money and greatest risks--compulsory membership also limited their freedom.

Benefits, of course, also depended on prior employee contributions. Employees were entitled to Association benefits for one month after the time for which contributions had been paid and also for a period extending from the day work resumed to the first subsequent payment of wages. Monthly payments were deducted from members' wages. When there were no wages no payment could be made.

This was the context in which the Baltimore and Ohio pension plan was introduced. Corporate welfare policies were means to bind the employee as well as meet his needs. Though it was not until 1900 that another railroad company organized a pension scheme for its employees, over the next decade four other major roads established relief programs with features similar to those of the B & O: the Pennsylvania Railroad Company lines east of Pittsburgh in 1886; the Philadelphia and Reading in 1888; the Chicago, Burlington and Quincy in 1889; and the Pennsylvania lines west of Pittsburgh and Erie in 1889. These railroads together owned or operated one-eighth of total railway mileage in the United States and employed about one-sixth of railway employees.²²

The B & O system served as a model for these roads and for trans-

²²Murray Webb Latimer, Industrial Pension Systems in the United States and Canada, vol. 1 (New York: Industrial Relations Counselors, Inc., 1932), pp. 24-25; Johnson, "Railway Departments for the Relief," pp. 431-33, 451.

portation and industrial companies later in establishing welfare schemes. The system of the B & O was more comprehensive than those of the other railroads, but the basic difference was that the B & O and the Philadelphia and Reading, modelled on Canadian and European systems in this respect, made employment conditional on membership in the relief association. The others were modelled after the Pennsylvania plan with voluntary membership. Compulsory membership was seen as a weakness in the B & O plan since it engendered resentment in employees. Likewise, serving much as a company union, the employees' association was resented, so the Pennsylvania's relief provisions were organized as a company department.²³ As might be expected, voluntary departments enrolled fewer members than compulsory departments--51 percent on the Pennsylvania Railroad and 53 percent on the Chicago, Burlington and Quincy contrasted with nearly all the permanent workforce of the Baltimore and Ohio.²⁴

The Pennsylvania Railroad welfare features were "employed by the . . . Company . . . to bring about and preserve harmonious relations with its employees."²⁵ The relief fund was to be a formal arrangement which would eliminate discrimination and obviate the need for an employees' organization or union.

²³In 1888 Maryland withdrew the B & O Employees' Relief Association charter and the company organized a department modelled on the Pennsylvania plan. Johnson, "Railway Departments for the Relief," pp. 430-31.

²⁴Ibid., pp. 430-31, 433, 451-52.

²⁵M. Riebenack, "What the Pennsylvania Railroad Company Is Doing for the Benefit of Its Employees," address before the Economic Club Annual Dinner (Boston: 10 February 1903), p. 1.

. . . uniform and effective means were necessary to prevent favoritism or discrimination in the assistance rendered to employees in the way of gratuities from the Company, and to avoid the necessity of voluntary subscriptions made by co-employees when any of their number was afflicted with sickness or disabled by accident or death left their family in distressed circumstances.²⁶

In their purpose and structure these relief departments were similar, seen as "agencies that have been called into being to assist in the solution of the labor problem," "an attempt on the part of employers and the employed to cooperate for the benefit of each party."²⁷ Relief departments mixed corporate altruism with corporate self-interest.

When the Chicago, Burlington and Quincy established a relief department in 1889, E. P. Ripley, general manager of the road, reported to the Interstate Commerce Commission,

The object of the Company in establishing a relief department was to enable its employees to make provision for themselves and families at the least possible cost to them in the event of sickness, accident or death. The company has established this department not only because it has the interest of its employees at heart, but because it believes that the department will serve to retain and attract a good class of employees, lessen the amount of discontent caused by improvidence, diminish the amount of litigation in cases of accident, and increase the good will of the employees toward the company and their confidence in the good-will of the company toward them. Employees have been somewhat suspicious of the motives of the company in regard to this department, but there is now, I am glad to say, a growing feeling in favor of it as the regulations become understood and as the practical advantages of the department are made manifest by the prompt payment of benefits.²⁸

²⁶ Ibid., p. 3.

²⁷ Johnson, "Railway Departments for the Relief," pp. 424-25.

²⁸ Ibid., p. 432; U. S. Interstate Commerce Commission, Third [cont.]

While the relief departments were supposed "to promote the material and ethical well-being" of railroad employees who, although "well-paid," had small savings against risks, some opponents claimed that the relief provisions were a way for employers to escape legal liabilities--acceptance of benefits entailed a release from all claims against the company. Yet, in the wake of militant strikes by the brotherhoods, the "chief impelling force" for the establishment of relief departments was less strictly economic.²⁹

It has been shown to be for the greater good of the company to identify its own and its employees' interests to the fullest extent possible, in order thereby to cultivate a spirit of loyalty strong enough not only to prevent strikes, but also to prompt men to giving the highest grade of service of which they are capable.³⁰

By establishing relief practices in the 1880s employers were creating a structure in direct contradiction to the labor conflicts of the 1870s. If employees participated in these benefit schemes their opposition to capital would be undermined by their identification with company interests and their implicit acceptance of an economic solution for a social and political problem.

Companies were responding to at least two aspects of union activities: beneficiary features and strike activity.

Railroad employees chose from one of three insurance systems. They could do business with a private insurance company. They could obtain

Annual Report (Washington: Government Printing Office, 1889), p. 349.

²⁹Johnson, "Railway Departments for the Relief," p. 426.

³⁰*Ibid.*, p. 427.

relief and insurance through one of the railroad brotherhoods or workers' associations. Or, they could join a relief department established by their employer and jointly administered by members and the company. The most popular of the three was the employees' association. The insurance and relief schemes of the workers' associations were of two kinds: employees of a single company might establish a relief and insurance organization or membership in one of the brotherhoods might entitle one to coverage.³¹

However, compulsory participation enforced by some railroads put the brotherhoods at a disadvantage. Where compulsory participation was not part of the relief plan, companies had various means to coerce membership. In March 1888, Charles Elliot Perkins, president of the Chicago, Burlington and Quincy, received a letter from John Noble Alsop Griswold, a company director, referring to the Boston and Maine strike of 1877 and its lesson for the Chicago, Burlington and Quincy strike of 1888.

In that strike none of the old Engineers were taken back except that they resigned from the Brotherhood which a good many did the Company arranging an insurance for liability or death equal to that of the Brotherhood. I think it might be a good plan for us to adopt a good deal of the same idea.³²

Compulsory participation undermined participation in union welfare plans. Given wage levels a worker forced to participate in a company plan would

³¹Ibid., p. 429.

³²Cochran, Railroad Leaders, appendix, p. 346, J. N. A. Griswold, director, Chicago, Burlington and Quincy (CBQ), to C. E. Perkins, vice-president, CBQ, 5 March 1908.

probably not make payments to the union as well. The tie to the union was weakened and the union's treasury, a source of strength, was diminished.

Specifically, union strength had been shown in actions against the railroads. The railroad strike of 1877 was a sign of the times. The first nation-wide strike in the country's history, it began spontaneously in response to a 10 percent pay cut for railroad workers. Starting with forty Baltimore and Ohio firemen and brakemen, the strike spread to Virginia, Ohio, Kentucky, Pennsylvania, New York, New Jersey, Indiana, Illinois, Texas, and California, as well as other states. It involved railroad workers on the Pennsylvania, the New York Central, the Erie, the Michigan Central, the Missouri-Pacific, and other roads. Railroad men were joined by miners, steelworkers, and farmers. In some cities general strikes were called. Federal troops were ordered into many cities, in some cases where local militia refused to obey orders and joined the strikers.³³ In two months' time the strike was broken. Labor had exercised power unorganized. Some among them contemplated what the possibilities would be if labor were organized. Likewise, capital recognized that labor was a force with which to contend if productive operations were to run smoothly.

The rise of the large corporate organization employing wage laborers was attended by the establishment and growth of large, sometimes

³³ Richard O. Boyer and Herbert M. Morais, Labor's Untold Story (New York: United Electrical, Radio and Machine Workers of America, 1955), pp. 58-64.

national unions based not in the craft tradition of shop competition but in the new order of labor versus capital. The railroad brotherhoods were among the first and strongest of these unions, as railroading was among the first of the large, modern industries. It was the basis for both the advancing interests of capital and the effective, large scale organization of labor.

It was important to respond to and stabilize the railroad work force. The railroads themselves were the infrastructure on which the development and nationalizing of the economy were based. Railroad employees were the largest single group of employees in the nation.³⁴ More important, the economy depended on these workers. Powerful unions were a serious threat. Previously ruling with an iron hand, opposing unions and denying employee demands, the railroad leaders saw that their large bureaucracies were dependent on the smooth, continuous operation of business.³⁵ The harsh disciplines practiced in the past would only further disrupt operations.

Prior to 1877 with less centralized, smaller operations as the basis for tradition, most labor problems were left to lesser administrators, but with the disruptive and successful militancy of the railroad brotherhoods labor problems became the concern of top executives, some of whom began to favor more cooperative or paternalistic methods of dealing with

³⁴ Johnson, "Railway Departments for the Relief," p. 425.

³⁵ A factor which discriminated against older workers was a source of labor's strength in unrest.

labor.³⁶ Following the strike numerous railroad executives favored mutual benefit plans under company sponsorship. They hoped that company plans would lead workers to look to the company rather than the union.³⁷

In July 1877 Robert Harris, president and superintendent of the Chicago, Burlington and Quincy Railroad, wrote to S. Wright Dunning, editor of Railroad Gazette, recognizing the power of the unions and the necessity for response.

As soon as the business of the Road has resumed its usual channels we shall commence to consider what we should do to prevent a recurrence [of strikes] and to this end our Road wish me to develop a plan by which the company may join its employees in forming a benevolent fund for the benefit of widows and orphans, and the disabled employees of the Company. . . . The events of the last fortnight have shown the students of Railroad science the extent and importance of the problem demanding solutions.³⁸

Later in the same year Harris corresponded with John Griswold, chairman of the road. Griswold agreed that the railroad ought to make a contribution to employees in need. He said insurance would

show the men that while we would not submit to their dictation we still have their interests at heart and are desirous of making them understand that the interests of the corporation and their own are mutual.³⁹

A variety of welfare measures were suggested. Writing to Dunning, with

³⁶ Cochran, Railroad Leaders, pp. 174-81.

³⁷ Ibid., p. 178.

³⁸ Ibid., appendix, p. 352, R. Harris, president, CBQ, to S. W. Dunning, editor, Railroad Gazette, 30 July 1877.

³⁹ Ibid., appendix, p. 344, J. N. A. Griswold, chairman, CBQ, to R. Harris, president, CBQ, 5 October 1877.

whom he had corresponded about European provisions, Harris said,

I am satisfied that a Chicago, Burlington and Quincy Mutual Insurance Company is not only practicable but the best arrangement. I am also inclined to think that there would be great advantage in some system of pensions.⁴⁰

Recognized by the latter part of the nineteenth century as responsible for the welfare of employees, the railroad executives knew they would have to make welfare contributions of one form or another. Welfare provisions were a business proposition on the railroads--a matter of both economy and control. A regular plan was thought cheaper than ad hoc contributions.

Writing in 1877 to Griswold, Harris suggested the company's contributing to the employees' protective association .

The existence of this Association without doubt relieves the Rail Road Company to some extent, from the necessity of contributing to its employees A judicious contribution, even when there is no legal liability, is money well invested, even from the most pecuniary and utilitarian aspect. The question is, will a contribution by the Company, say \$250 upon the death of each member, stimulate the men to join the Association to a greater extent, and thus relieve the Company from the necessity of contributing a larger amount in a more irregular manner.⁴¹

In the same letter Harris commented on another measure, pay based on length of service. He favored such a plan and added, "nor do I see how it need in any way conflict with the due maintenance of discipline and

⁴⁰Ibid., p. 178.

⁴¹Ibid., appendix, pp. 354-55, R. Harris, president, CBQ, to J. N. A. Griswold, chairman, CBQ, 10 December 1877.

subordination of the employees."⁴²

Writing in March 1879 in the Nation, the country's most influential weekly, Charles Francis Adams of the Southern Pacific, wrote of the Boston and Maine strike of February 1877.

The Brotherhood of Locomotive Engineers has got to be broken up. . . . it has become a mere nuisance . . . a standing menace. The only question is how to proceed so as to break it up most quietly and most effectually.⁴³

In the interest of stability, anti-union tactics would have to be less heavy handed. Adams proposed that the companies organize a regular, graded work organization with promotions, life insurance, and pensions. "The men would [not] . . . sacrifice, by joining in strikes, what represented the accumulation of years of service."⁴⁴

It was in this spirit that welfare activities were introduced in the 1880s. Thomas Fletcher Oakes established an employee reading room for the Oregon Railway and Navigation Company. Henry Brockholst Ledyard of the Michigan Central gave company support to a railroad YMCA and a Railroad Men's Hospital. The Michigan Central also provided free passes for employees' children riding to school.⁴⁵ Relief and insurance schemes, parks, housing, and health and safety programs were designed to relieve labor of the hardships of the industrial order in order to relieve capital

⁴²Ibid.

⁴³Robert V. Bruce, 1877, Year of Violence (Chicago: Quadrangle Books, 1970), pp. 34-37.

⁴⁴Ibid.

⁴⁵Cochran, Railroad Leaders, p. 177.

of the threat of strikes or disruption. The welfare measures established as relief were discipline as well. Rather than reorganizing industry with human needs in mind to remove the bases of unemployment and dangerous employment, there was systematic relief of individual problems symptomatic of the underlying issues. These concessions from capital, rather than relieving workers of hardships, bound them to the order in which their hardships were based.⁴⁶

Corporate relief departments also formalized relations and benefits. With increasing size and bureaucracy companies could no longer be run in detail by owners acquainted with the individuals in the firms' employ. Formal systems established managerial means to administer the organization in the absence of the owners' discretion and direct control. Formal systems were also regarded as more efficient means for running a large organization.

Criticizing informal methods in an article on relief departments in 1895, Emory Johnson of the University of Pennsylvania wrote,

The railway corporations at present contribute a considerable sum annually to aid unfortunate and aged employees. Were they to add nothing to the amounts now given, their expenditures would be more beneficially made were their contributions given to supplement a well-regulated pensions and superannuation fund.⁴⁷

⁴⁶ Oscar Wilde warned of this dilemma in 1891 when he wrote, "It is immoral to use private property in order to alleviate the horrible evils that result from the institution of private property. It is both immoral and unfair." Oscar Wilde, "The Soul of Man under Socialism" reprinted in De Profundis and Other Writings (New York: Penguin Books, 1977), p. 20.

⁴⁷ Johnson, "Railway Departments for the Relief," p. 447.

At the time three of the four railroad relief departments were considering pension plans. Within ten years three had non-contributory old age pension plans, as did numerous other railroad companies, including the Illinois Central, the Southern Pacific, the Union Pacific, and the Atlantic Coast Line Railroad.⁴⁸

Employees individually and through their organizations expressed objections to the company plans. Some companies used pensions and other insurance arrangements as the basis for hiring age limits on the argument that the company did not want to be responsible for employees who entered the force too late to become eligible for benefits. In the Railway Clerk one employee said his principal objection was that job applicants over thirty-five were not hired permanently unless excepted by the company board of directors and persons "temporarily" employed were not eligible to participate in the fund. On balance, however, he favored the company plans.

It has some good features, however, inasmuch as an old employee is assured a small competence in old age and if his services have been for any great length of time his pension allowance will usually supply his needs.

He noted as well that employees retired at seventy were not necessarily unfit for work and might augment their pensions with employment outside railroading.⁴⁹

Quite another position was taken by a writer in the Railroad

⁴⁸Latimer, Industrial Pension Systems, vol. 2, appendix A, pp. 1028-35. The Chicago, Burlington and Quincy did not establish a plan until 1922. Ibid., p. 1030.

⁴⁹The Railway Clerk 3 (November 1904):23-24.

Trainmen's Journal. Supporting a system of government state old age pensions the writer denounced company plans.

[The writer] believes his readers are in accord with him that all wealth is created by those who work, and if those who work in this country and Canada are desirous of turning over to their disabled or aged brother workers enough wealth, monthly or annually to maintain the disabled and aged ones in comfort, why that is their business, and no part of the business of intermeddling money owning or corporation owning parasites.⁵⁰

He argued for government industrial pensions supported by a pro-rata system of assessment on industry for all dismissed on account of age and disablement. Such a policy, he wrote, would encourage corporations to guard against accidents and would effectively eliminate hiring age limits since a person unable to get employment because of age limits could apply for a pension. This would be a good effect.

It is simply ridiculous, absurd, to deprive a man the right to follow his chosen occupation before he shows himself physically unfit. No arbitrary limit, governed by a certain prescribed age, is either just or sensible. Some men are better, physically, at sixty than others are at thirty.⁵¹

The welfare practices initiated in the late nineteenth and early twentieth centuries by the railroads were in response to several needs of the companies: to undermine union strength and gain employee dependence or loyalty, to establish a stable work force for the maintenance of stable operation, to prevent disruption of business, to maintain and increase control over railroad operation, to respond to public sentiment

⁵⁰Railroad Trainmen's Journal 22 (August 1905):592.

⁵¹Ibid, p. 593.

holding companies responsible for employee welfare, to tie the interests of workers to firms, and to accomplish these things efficiently and economically.

By competing with union benefits, the companies' welfare schemes undermined part of the union's base while encouraging employees to look to the firm for security. Because benefits were under company control and depended to some degree on employee good behavior, the company welfare programs were to induce employee cooperation and labor peace. In looking to the company not only for employment but for security in case of interruption or discontinuation of employment, employees tied their interests to the fortunes of the firms. Company instability threatened employee security. Company welfare programs constituted companies' assuming social responsibility for the hardships attendant upon employment by them. Finally, somewhat systematic welfare practices --while far from nondiscriminatory--were considered cheaper than ad hoc, irregular, and perhaps open ended company paternalism.

Steel industry welfare policies and old age pensions were introduced in a different context. During much of the late nineteenth century the steel companies, like the railroad companies, contended with the strength of organized labor. One of the earliest attempts in the United States to organize by industry rather than by trade, the Amalgamated Association of Iron and Steel Workers was founded in 1876,⁵² after its

⁵²It became the Amalgamated Association of Iron, Steel, and Tin Workers in 1881.

predecessor had been virtually wiped out in the panic of 1873. The union provided insurance against sickness, accident, and death through a benefit system whose accumulated monies served to strengthen the union, temper its militance, and discipline its members.⁵³

Part of the Amalgamated's strength was based in skill. As late as the 1890s highly skilled workers still exercised relative independence and control over their working conditions in the iron and steel industry. The union's strength made some manufacturers consider the need for business to organize industry-wide. Voluntary arbitration and profit sharing schemes were introduced to avert strikes and to identify workers' interests with those of the firms.⁵⁴

The 1880s and 1890s were a period of relative competition in the steel industry and companies introduced a lot of technical changes in production. Though the Amalgamated's power made possible adjustments in wages and working conditions and though the union was too strong to

⁵³Jesse S. Robinson, The Amalgamated Association of Iron, Steel and Tin Workers, Johns Hopkins University Studies in Historical and Political Science, vol. 38, no. 2 (Baltimore: Johns Hopkins Press, 1920), pp. 9-10, 12-13, 17, 21, 71, 85. Union membership and benefits, as I suggested in chapter 5, bound employees to unions as company benefits bound employees to employers. The Amalgamated was described as "a club to keep members paid up in their dues since by suspension a member loses the rights of continuous good standing." Ibid., p. 85.

⁵⁴U. S. Congress, Senate, Report on Conditions of Employment in the Iron and Steel Industry in the United States, vol. 3, Working Conditions and the Relations of Employers and Employees, S. Doc. 110, 62d Cong., 1st sess., 1913, pp. 109-10. See also, David Brody, Steelworkers in America: The Nonunion Era (New York: Harper and Row, 1969) and Katherine Stone, "Origins of Job Structures in the Steel Industry," paper presented at Conference on Labor Market Stratification, Harvard University, Cambridge, Mass., 16-17 March 1973.

be driven out of the mills in this period the manufacturers did attempt to get rid of unions altogether. The disruptive strikes of the 1880s, although sometimes resulting in set backs for the unions, ultimately bolstered the union's strength. In 1889 at Homestead the Carnegie company unsuccessfully challenged the union over a new agreement, but three years later at Homestead a five month strike ended in a loss of power and membership for the union.⁵⁵

By 1910 the power of the Amalgamated had been completely overturned. The companies were organized through the American Iron and Steel Association and the American Iron and Steel Institute. Firms had consolidated. U. S. Steel controlled half the industry and a half dozen firms owned over a third of the rest. Labor was almost completely unorganized. In 1911 the two iron and steel unions' membership was less than 6,000 of the 375,000 men working in the plants. Arbitration had been abandoned and managements dealt with employees individually.⁵⁶

In 1901 the executive committee of the newly organized United States Steel Corporation--commonly referred to simply as "the Steel Corporation"--had articulated a strong anti-union strategy. First, the corporation as a whole would not deal with labor. Each subsidiary would be responsible for its own labor negotiations and settlements. Second, unions were to be contained. There would be no union recognition where unions did not already exist. Third, where the company was forced to

⁵⁵U. S. Congress, Senate, Working Conditions, pp. 113-16.

⁵⁶Ibid., pp. 110-11.

sign with a union in a previously non-union mill, the mill would be shut down.⁵⁷

Among the executive committee there was some question about the objectives of, on one hand, limiting or eroding union organization and, on the other hand, avoiding the labor problems which might attend such a policy. Company welfare programs were proposed to ease these difficulties. Formal welfare policies and bureaucratic labor relations were symptomatic of the executives' inability to handle by traditional means such large numbers of employees at such great distances.⁵⁸

Perhaps the most widespread among the early measures, profit sharing was designed to encourage cooperation between capital and labor, identification of employees with the firm. It was also intended to encourage thrift and economic independence. To the extent that these plans resulted in savings, they would obviate the need for old age pensions. Before 1878 the practice had been tried by only two firms, the Peace Dale Rhode Island Manufacturing Company and the Riverside Press in Cambridge, Massachusetts. Fifteen years later a hundred or more firms had adopted some form of profit sharing.⁵⁹

As a result of labor unrest profit sharing was widely discussed

⁵⁷ Ibid., pp. 118-19; Amos R. E. Pinchot, "The Cost of Private Monopoly to Public and Wage-Earner," Annals of the American Academy of Political and Social Science 48 (July 1913):164-88.

⁵⁸ U. S. Congress, Senate, Working Conditions, pp. 499-503.

⁵⁹ Ida M. Tarbell, The Nationalizing of Business 1878-1898, A History of American Life, vol. 9 (New York: Macmillan Company, 1936), pp. 172-75.

in the late 1880s. In 1892 the American Association for the Promotion of Profit Sharing was founded. Its officers were Nicholas Paine Gilman, a Unitarian clergyman turned literary editor, who wrote on profit sharing and employers' welfare schemes, Carrol D. Wright, U. S. Commissioner of Labor Statistics, Francis Amassa Walker, president of the Massachusetts Institute of Technology, the American Economics Association, and the American Statistical Association, and N. O. Nelson, a St. Louis plumbing goods manufacturer.⁶⁰

Beginning in 1903 U. S. Steel set aside preferred stock for sale to employees under its profit sharing system. Of course, employees might buy company stock through usual means but the profit sharing plan offered an advantage.

As soon as the stock shall have been fully paid for, it will be issued in the name of the original subscriber and the certificate will be given to him, and he can then sell it any time he chooses. But as an inducement for him to keep it and to remain continuously in the employ of the Corporation or of one or another of the subsidiary companies, and to have the same interest in the business that a stockholder or working partner would have, the following offer is made, viz.:

If he will not sell or part with the stock, but will keep it and in January of each year, for five years, commencing with January, 1904, will exhibit the certificate to the Treasurer of his company, together with a letter from a proper official, to the effect that he has been continuously in the employ of the Corporation or of one or another of its subsidiary companies during the preceding year, and has shown a proper interest in its welfare and progress, he will during each of such five years receive checks at the rate of five dollars a share per year. . . .

If he shall remain continuously in the service of the Corporation or of one or another of its subsidiary

⁶⁰Daniel T. Rogers, The Work Ethic in Industrial America 1850-1920 (Chicago: University of Chicago Press, 1978), pp. 44-50.

companies for five years, at the end of the fifth year the Corporation intends that he shall receive a still further dividend, which cannot now be ascertained or stated, but which will be derived from the following sources, viz.:

All who subscribe for stock in January, 1903, and commence to pay for it, but who discontinue at any time during the five years of course will not receive the \$5.00 per share for such of the five years as remain after they discontinue. The Corporation will, however, pay into a special fund each year the \$5.00 payments that would have been made to such subscribers had they continued. This fund shall be credited with 5 percent annual interest, and at the end of the five years' period the total amount thus accumulated will be divided into as many parts as shall be equal to the number of shares then remaining in the hands of men who shall have continued in such employ for the whole five years, and the Corporation will then by its own final determination award to each man whom it shall find deserving thereof as many parts of such accumulated fund as shall be equal to the number of shares then held by him under this plan. [Emphases added.]⁶¹

Four points bear note in these provisions. First, the phrases "shown a proper interest in its welfare and progress," and "each man whom it shall find deserving" point to the coercive nature of the plan. The employee was set between his economic welfare and his social welfare. His return in the profit sharing plan depended on his acquiescence as an employee. In pursuing his economic interest the employee came more under the domination of the Steel Corporation, while his political interest might have led him to organize and forego the economic return.

Second, though the profit sharing plan might be considered equit-

⁶¹Paul Underwood Kellogg, ed., The Pittsburgh Survey, 6 vols. (New York: Charities Publication Committee, 1910), vol. 3, The Steel Workers, by John A. Fitch (Reprint ed., New York: Arno Press and the New York Times, 1969), p. 306.

able recognition of the employee's role in the creation of profits it was not regarded this way. The special provisions of profit sharing plans were thought of as gifts distributed by benevolent employers. This money was considered to be given by the company rather than paid.⁶² Such provisions carried no rights or responsibilities. Rather than increasing the employee's security and decreasing his risk, profit sharing played on these disadvantages, institutionalizing them, making his insecurity a basis for company security.

Third, like many welfare provisions the profit sharing plan appealed to skilled workers who were likely to be employed in one place longer and on whom the company depended more. In addition, since unskilled workers could not usually afford to participate very much, the stock purchase plan split the workers. Among those who bought stock there was room for further division. Any strike which resulted in firings made the pot all the richer for loyal employees.⁶³

Finally, it is not clear there was a net economic benefit to workers. A worker at Homestead expressed doubts.

But I want to tell you that the first stock issue in 1903 was followed by a cut in wages in 1904 that made up to the company several times over all the extra bonuses they will pay in five years. The plan is to keep the men quiet, and it does it too. No stockholder wants to try to organize a union when the terms of the agreement state that only those who show a

⁶²Ibid., p. 212.

⁶³Horace B. Davis, Labor and Steel, Labor Research Association Labor and Industry Series (New York: International Publishers, 1933), pp. 153-54.

proper interest in the affairs of the company will receive a bonus.⁶⁴

In February 1908 just after another wage reduction a letter in a labor paper raised the same issue.

With a blare of trumpets the United States Steel Corporation has announced a large distribution of profits to its preferred stockholders, especially to its employees, but nothing has been said about the big reduction in wages at its Homestead plant which took effect February 1, 1908. This is the second heavy cut in wages at this plant since the preferred stock scheme was devised by the big corporation and will amply reimburse the United States Steel Corporation for its generosity to its workmen.⁶⁵

Another steel worker's letter to the same paper said,

The United States Steel Corporation is making a grandstand play in giving away cash bonuses on preferred stock. Any man with two spoonfuls of horse sense knows that when they give away one dollar they know where they are going to get another in its place.⁶⁶

So it could be argued with pensions, whose net economic benefit to workers was questionable. Being, as they were, legally and practically gratuities, they could be revoked or altered at company discretion and were used as coercive devices. The U. S. Steel and Carnegie plan provided:

22. Pensions may be withheld or terminated in case of misconduct on the part of the beneficiaries or for another cause sufficient in the judgment of the Board of Trustees to warrant such action.
24. This Pension Plan is purely voluntary provision for the benefit of employees superannuated or totally incapacitated after long and faithful

⁶⁴Kellogg, ed., The Steel Workers, p. 211.

⁶⁵Ibid., pp. 211-12.

⁶⁶Ibid., p. 212.

service and constitutes no contract and confers no legal rights upon any employees.⁶⁷

The first pension plan in steel was part of the Carnegie Relief Fund established in 1901 by an endowment of \$4 million, a personal gift from Carnegie himself.

I make this first use of surplus wealth upon retiring from business as an acknowledgement of the deep debt which I owe to the workmen who have contributed so greatly to my success.⁶⁸

The fund applied to all employees retired for old age or incapacity; 40 percent of the million dollars in interest paid between 1901 and 1911 went to pensions. Among the twenty-one pensioners living in Homestead in 1908, the average monthly pension was \$11.06; the highest, \$18; the lowest, \$5.65.⁶⁹ In the same year average annual earnings for the industry as a whole were \$569 or about \$47 monthly. Average monthly income was higher among skilled workers, those among the work force most likely to receive pensions.⁷⁰

In May 1910, when the companies merged, the U. S. Steel Corporation added \$8 million to the Carnegie endowment to form the U. S. Steel and Carnegie Pension Fund, whose income was to go exclusively to retired

⁶⁷United States Steel and Carnegie Pension Fund, Pension Rules, taking effect 1 January 1911, as amended 1 May 1927.

⁶⁸Kellogg, ed., The Steel Workers, p. 195.

⁶⁹Ibid.

⁷⁰Paul H. Douglas, Real Wages in the United States 1890-1926, Publications of the Pollak Foundation for Economic Research, no. 9 (Boston: Houghton Mifflin Company, 1930), p. 271.

superannuated employees.⁷¹ Like most retirement plans the U. S. Steel and Carnegie plan depended on continuity of service. In theory at least this would secure a stable labor force. In the 1910 Pittsburgh survey, John Fitch wrote of such provisions,

They [the pension systems] give stability to a labor force, but they do it at the sacrifice of the mobility of labor. A man will think twice before giving up a job with a pension attachment for something immediately better; he will be loath especially as he gets along in service, to risk discharge; he will not join a union, off hand at least, if joining means discharge.⁷²

This, he said, was true in practice even if the particular plan did not explicitly suggest or impose restrictions--and most did.

By 1912 absolutely opposed to collective bargaining of any sort the Steel Corporation used pensions and profit sharing among other devices to keep silent men who might otherwise organize. The plans discouraged any disruption, exercise of power, or expression of objectives. Participation in any work stoppage broke the continuous service required for eligibility. Fitch wrote,

There is nothing in it [the pension plan] to protect a man excepting his subservience to his superior officers, and the nearer he approaches toward twenty years of continuous service, the greater his subservience may conceivably be--for he might be discharged at the end of nineteen years and eleven months and his right to the pension would be forfeited.⁷³

⁷¹Kellogg, ed., The Steel Workers, p. 197. Accident relief was to be paid by the Steel Corporation as a regular business expense.

⁷²Ibid., p. 198.

⁷³John A. Fitch, "The United States Steel Corporation and Labor," Annals of the American Academy of Political and Social Science 42 (July 1912):17. Also, Pinchot, "The Cost of Private Monopoly," p. 179.

Amos Pinchot, a New York lawyer, lumped pensions with other corporation devices to restrict workers.

. . . through its peculiar attitude toward labor organizations, its espionage, its pension and bonuses, its scientific blacklisting and its policy of employing illiterate and comparatively helpless immigrants, for whom it advertises in the newspapers, [the Steel Corporation] has established practically unparalleled industrial peonage in its plants; . . . ⁷⁴

Louis D. Brandeis, a Boston attorney later appointed Associate Justice of the U. S. Supreme Court, was a liberal who understood that "among a free people every excess of capital must in time be repaid by the excessive demands of those who have not the capital," and that "if the capitalists are wise, they will aid us [the Massachusetts Civic Federation⁷⁵] in the effort to prevent injustice." Brandeis supported collective bargaining with trade unions as important for capitalism's survival and as a defense against socialism. He understood the Steel Corporation plan as an obstacle to unionization.⁷⁶

Before the Senate's Stanley Committee, which was investigating the steel industry, Brandeis said,

Features in a pension system like those quoted above tend to make the wage earner compliant. He can be more readily relied upon to prove "loyal" and not to "go out" even if others strike for higher wages and better working conditions. The "continuous employment feature" of the pension system tends thus to rivet the wage earner

⁷⁴Pinchot, "The Cost of Private Monopoly," p. 182.

⁷⁵The Massachusetts Civic Federation was a chapter of the National Civic Federation.

⁷⁶Pinchot, "The Cost of Private Monopoly," pp. 100-1.

to his employer, and the provision by which the allowance of a pension is made discretionary further insured "loyalty" of the wage earner during his employment. An employee of the United States Steel Corporation advancing in years might well be deterred from hazarding the prospect of a pension by trade union activity, or even by joining a union, . . .

A pension system with such features must either prove a delusive protection or operate as a bribe to induce the wage earner to submit to a new form of subjection to the corporation. A frank employer recently said, "By providing so liberal a pension we have bought from the employee the right to leave us."⁷⁷

The breaking up of the Amalgamated and the anti-union practices of several major firms--including U. S. Steel which owned half the industry--opened the door to corporate paternalism and had long term effects. Though some other major steel companies--among them, Jones and Laughlin and Bethlehem Steel in 1923--established pension plans as paternalistic measures, the steel industry pattern of company unions meant that there were few pension plans among the smaller producers.⁷⁸ As of 1933 there were no formal pension plans at Youngstown Sheet and Tube Company, Republic Steel Corporation, National Steel Corporation, Inland Steel Corporation, Pittsburgh Steel Corporation, and Gulf States Steel Company.⁷⁹ Armco, a small independent firm, in its early years established a system of employee representation on an advisory committee and set up the Armco Mutual Benefit Association in 1908. Following the early pattern

⁷⁷ Ibid., pp. 181-82.

⁷⁸ In response to the steel organizing campaign of 1918-1919 and the strike of 1919 company unions were set up at Bethlehem Steel, Youngstown Sheet and Tube Company, Cambria Steel and Wisconsin Steel. Davis, Labor and Steel, pp. 148-49.

⁷⁹ Davis, Labor and Steel, p. 155.

of the large steel producers, Armco remained unorganized into the 1950s.⁸⁰

In 1912 Raynal Bolling, Assistant General Solicitor of the Steel Corporation, estimated that over 1600 employees were "finishing their lives free from anxiety and want through the benefits" of the pension plan.⁸¹ Another estimate made in 1913 counted 2,092 on the Steel Corporation pension rolls.⁸² Either number is small given the firms' over 200,000 employees.⁸³

In steel less than half of all employees were covered by formal pension plans. Being covered was of dubious benefit. While there were few steel workers who reached sixty-five employed, into the 1920s nearly half the employed steel workers over sixty-five went on working. Of those who quit, only 42 percent received pensions.⁸⁴

By various means workers were excluded from ever receiving benefits. In addition to unfair denials of pensions were hiring and employment practices in the industry.

Many workers never reached retirement age employed because they

⁸⁰Gertrude G. Schroeder, The Growth of Major Steel Companies, 1900-1950, Johns Hopkins University Studies in Historical and Political Science, series 70, no. 2 (Baltimore: Johns Hopkins Press, 1953), p. 70.

⁸¹Raynal Bolling, "The United States Steel Corporation and Labor Conditions," Annals of the American Academy of Political and Social Science 42 (1912):42.

⁸²Roger W. Babson, "A Practical Plan for Profit Sharing," Commission on Industrial Relations, Box 6, Record Group 174, National Archives, Washington, D.C.

⁸³Estimated at 275,000 in 1911 and 228,000 in 1913. U. S. Congress, Senate, Working Conditions, pp. 110-11; Babson, "A Practical Plan."

⁸⁴Davis, Labor and Steel, p. 156.

were dropped in favor of younger workers. A workman let go at forty-five was unlikely to be rehired in the industry. If he was rehired he was most likely being hired too late to meet service requirements for pension eligibility. In fact, some companies, in other industries as well as steel, came full circle arguing that hiring age limits were set partly in order to employ only those young enough to meet pension service requirements.⁸⁵

The pace of the mills--especially where the practice was a seven day week at twelve hours a day--excluded many older workers. Because the work itself was strenuous there was little employment considered appropriate for older men in the production departments.⁸⁶ Many companies reserved less arduous jobs, for example, watchman, policeman, and semi-clerical positions, for those grown old in the companies' employ and

⁸⁵U. S. Congress, Senate, Working Conditions, pp. 98-99. This argument was used in railroading as well. The Pennsylvania rationalized its age limit of thirty-five by arguing that to hire older employees would be unfair since they would arrive at sixty-five ineligible for both retirement and pension. On the other hand, the main benefit of the pension plan to the company was the employment of "younger and more robust men." Though age limits had been practiced for years, in 1909 the company controller stated,

The age-limit was the outcome of a long and careful consideration of propositions the adoption of which would, it was thought, enable the establishment of a working basis whose operations would insure a plan invested with uniformity in the computation and awarding of retirement allowances.

M. Riebenack, "Pennsylvania Railroad Pension Departments: Systems East and West of Pittsburgh and Erie, Pa. Status to and Including the Year 1907," Annals of the American Academy of Political and Social Science 33 (1909): 260.

⁸⁶In mechanical departments the work admitted more variation.

unable to continue in their own positions, but these alternatives were few.⁸⁷

While there were older workers who maintained their positions, most did not reach the pension eligibility age. Work in modern industry was not only heavy and dangerous to older workers, it hastened the aging and declining strength of all. Young workers anticipated the effects of long term industrial employment. A Bethlehem tube mill worker wrote,

I am only 18 but I do not consider myself a youngster since I have been working at the Sparrows Point Plant, for there they age one considerably, the worry of keeping a home on the poor wages paid and the rotten speed up conditions.⁸⁸

It became common to speak of workers as "worn out by industry."

In 1910 Fitch observed,

It is one of the duties of any foreman to eliminate the drones and to keep up the efficiency of his force. But in the steel industry the demand is for more than reasonable and ordinary efficiency.⁸⁹

To that end, employment went according to "survival of the fittest."

Fitch continued,

The steel workers are men of strong, sturdy constitutions; they must be, for when they begin to fail they cease to be steel workers. Often I was told by workmen of forty or forty-five that they had been at their best at thirty years of age, and that at thirty-five they had begun to feel a perceptible decline in strength. The superintendents and foremen are alert

⁸⁷ U. S. Congress, Senate, Working Conditions, p. 96.

⁸⁸ Davis, Labor and Steel, p. 26.

⁸⁹ Kellogg, ed., The Steel Workers, pp. 183-84.

to detecting weakness of any sort, and if a man fails appreciably, he expects discharge.⁹⁰

Forty was considered old in the steel industry. Given this, pensions were either not serious--with retirement set at sixty-five--or they were intended to provide for only a few workers. In 1910, a quarter of all males ten years or older in the United States were at least forty-five. In iron and steel only 13.6 percent of laborers and 18 percent of other workers were forty-five or older.⁹¹ In 1913 iron and steel industry workers were mostly between twenty and forty-five years of age.

Child labor had been abandoned as unprofitable given the heavy and dangerous nature of the work and some companies had formal hiring age minima of sixteen or eighteen.⁹² At the upper end, besides firing workers as they got older, the companies tended not to hire older men. When the steel industry hired immigrants unskilled for iron and steel work, it hired from a disproportionately young population. But it was also true that selection favored younger workers. While an applicant of forty might be able to do the job, a younger worker could be expected to be more vigorous and longer in employ. Carnegie Steel had official hiring age limits of thirty-five and forty according to occupation. Other companies, including Jones and Laughlin, Bethlehem, and Wisconsin Steel,

⁹⁰Ibid.

⁹¹Davis, Labor and Steel, p. 21.

⁹²U. S. Congress, Senate, Working Conditions, p. 96.

also established limits.⁹³

In steel as in railroading old age pensions were as much a matter of corporate welfare as human welfare. Welfare paid off. In 1925 a Bethlehem Steel Corporation statement read,

These plans [i.e., "personnel work"] have been put into practice because they are considered good business and in line with good business policy. Accidents, turnover, waste, etc., are all expensive and reduce production and net profits.⁹⁴

Despite his disclaimer before the American Iron and Steel Institute in 1920 that welfare work was primarily "purely humanitarian," six years later, as head of U. S. Steel's Bureau of Safety, Sanitation, and Welfare, Charles L. Close summed the Corporation's policy this way.

The Steel Corporation is not an eleemosynary institution. All its activities for the good of the workers, apart from considerations of humanity, have been amply justified by plain business reasons--they paid eventually. The men who direct the policy of the corporation have never lost sight of the fact that the first object of any company is to make money for its stock holders.⁹⁵

The dominant railroad and steel interests adopted company old age pensions in the first decade of the century. It is not surprising then that other large corporations--with the same interests in stabilizing cooperative relations between capital and labor--adopted similar plans for

⁹³ Davis, Labor and Steel, p. 22. The steel industry did have seniority systems like those of the railroads. Though seniority was used for promotion and lay off, selections out of the regular order were common and justified by "efficiency." Ibid., pp. 96-97.

⁹⁴ Ibid., pp. 169-70.

⁹⁵ Ibid., pp. 169-71.

similar reasons.

Through such formal channels as the National Civic Federation and industry organizations--for example, the National Electric Light Association, the National Metal Trades Association, and the American Iron and Steel Association--and through formal networks such as interlocking directorates, the practice of old age pensions spread through private industry over the first three decades of the twentieth century. While many companies never adopted plans, the companies which did adopt plans were among the controlling interests in the various industries.

International Harvester, which in 1902 manufactured 85 percent of domestically produced harvesters, and in 1903, 96 percent of grain binders and 91 percent of mowers, the two main types of harvesting machines, established its pension plan in 1907.⁹⁶ It must have been intended to have limited application since at International Harvester, as at other industrial plants, only a small portion of employees were over forty-five years old.⁹⁷

Writing in 1909, C. W. Price, Director of International Harvester's McCormick Works Club in Chicago, said of the plan,

. . . there is much evidence that the workingmen favor the plan, because they have confidence in the business

⁹⁶Gabriel Kolko, The Triumph of Conservatism: A Reinterpretation of American History, 1900-1916 (Chicago: Quadrangle Books, 1963), p. 46; Weinstein, The Corporate Ideal, p. 164.

⁹⁷C. W. Price, "Employees' Benefit Association of the International Harvester Company," Annals of the American Academy of Political and Social Science 33 (1909):252.

ability of the officers of the company to organize the plan on a sound basis.⁹⁸

As small unions, small employers, and small benefit societies could not support an extensive and dependable plan, large corporations, as large unions, could. Social security had become a matter of money and its sources were narrowly restricted.

To mediate peaceful businesslike relations the International Harvester plan was "democratically" administered by a board of company and employee representatives. Of this form of administration, Price said,

. . . [it] is not only safe, but exceedingly valuable in fostering confidence among the employees. . . . in no case, which has been appealed to the board for decision, have the representatives of the men shown any disposition to take sides against the representatives of the company; on the other hand, the men have proven themselves exceptionally broad and fair in their judgments on all questions. One manufacturer stated that "The benefit association, conducted by a representative board, is now doing more than any one thing to help bridge the gap between the company and the men, and to offer a natural and legitimate common ground on which they may meet and consider questions of mutual interest."⁹⁹

With discretionary provisions like those of the Carnegie Steel plan, the International Harvester plan had strong incentives to employees' "broad and fair" judgments.

In the same year George Walbridge Perkins, a director of both U. S. Steel and International Harvester and tied to the railroads as

⁹⁸Ibid., p. 249.

⁹⁹Ibid., pp. 249-50.

well by his partnership in J. P. Morgan and Company,¹⁰⁰ spoke to the National Civic Federation of International Harvester's profit sharing, benefit, and pension plans.

. . . there should be no sentimental philanthropy about this great question. It is purely a business question. Profit sharing, pensions, and the like, from a pecuniary standpoint, are a profitable thing for a business and also for its labor or for neither.

. . . if providing for old age means anything, . . . it should mean the fostering of the interest of the men in their work, . . . it should mean real co-operation between stockholders, managers, and employees.

. . . [The company] went into these enterprises in a purely business spirit, believing that the plans would so knit its vast organization together, would so stimulate individual initiative, would so strengthen and develop the esprit de corps of the organization as to make it possible for the Company to increase its business and its earnings,--and with the spirit of being willing to share this increased success with its organization.¹⁰¹

Perhaps cooperation would, in the long run, benefit the wage worker. In a time when capital and labor were in direct conflict, such a viewpoint assumed by capital--the more powerful adversary since labor was relatively unorganized--would, if successful, undermine the position of labor.

The harvester company spread the good word. In 1910 its subsidiary, the Wisconsin Steel Company, established a plan for old age pensions.

¹⁰⁰Weinstein, The Corporate Ideal, p. 9.

¹⁰¹George W. Perkins, "The Underlying Principle of the Profit-Sharing, Benefit and Pension Plans of the International Harvester Company," paper presented before the National Civic Federation, 23 November 1909, pp. 2-8.

Like the Steel Corporation, the American Sugar Refining Company and its subsidiaries, which adopted a pension plan in 1912, dominated the industry. As early as 1894 the company controlled about 85 percent of total sugar output in the United States.¹⁰² The Standard Oil Company, which founded its pension plan in 1903, refined 95 percent of oil produced in the country in 1898.¹⁰³ Despite successful anti-trust litigation against the Standard, in practice the company remained well intact. Atlantic Refining, a company dominated by Standard interests by 1899, also set up a pension plan in 1903.¹⁰⁴ The Tide Water Oil Company, at one time Standard Oil's prime competitor but made an ally in the 1880s when Rockefeller purchased a third of its stock, set up a plan in 1908.¹⁰⁵

International Harvester, whose market shares declined after 1903, continued to dominate production of agricultural implements. Its primary rivals, Deere and Company, J. I. Case and Company, and Oliver Farm Equipment Company set up pension plans in 1908, 1915, and 1917, respectively.¹⁰⁶ Major firms in the chemical industry (outside petroleum) set

¹⁰² Tarbell, The Nationalizing of Business, p. 206.

¹⁰³ Peter Collier and David Horowitz, The Rockefellers: An American Dynasty (New York: Holt, Rinehart and Winston, 1976), p. 29.

¹⁰⁴ Ida M. Tarbell, The History of the Standard Oil Company, ed. David M. Chalmers (New York: Harper and Row, 1966), p. 210. As an independent company Atlantic Refining established its own plan in 1918. In that year, numerous pension plans were established in the petroleum industry as a result of the breakup of the Standard. See Latimer, Industrial Pension Systems, vol. 2., appendices A and B, pp. 998-1081.

¹⁰⁵ Tarbell, History of the Standard, pp. 102-6.

¹⁰⁶ Kolko, Triumph of Conservatism, p. 46.

up plans: DuPont in 1904, Parke Davis in 1910, Sherwin Williams in 1911, Proctor and Gamble in 1915, Mennen in 1918, Eli Lilly in 1921, Pratt and Lambert in 1924, and Chesebrough Manufacturing in 1926.¹⁰⁷

In the food industry, not as concentrated as some, several major producers in addition to American Sugar Refining established plans: Beech-Nut Packing Company in 1912, Shredded Wheat in 1913, Libby, McNeill, and Libby in 1919, and American Chicle Company in 1929. In meat packing, six companies dominated. Of these, three established plans: Swift and Company in 1916, Armour and Company in 1917, and Cudahy Packing Company in 1927.¹⁰⁸ The two giants of the electrical industry, General Electric and Westinghouse, set up plans in 1912 and 1914, respectively.¹⁰⁹ B. F. Goodrich (1915), Goodyear Tire and Rubber (1915), and U. S. Rubber (1917) were joined by smaller producers in the industry in establishing plans.¹¹⁰

In public utilities, banking, textiles, and insurance, as well

¹⁰⁷Latimer, Industrial Pension Systems, vol. 2, appendices A, B, and C, pp. 998-1085.

¹⁰⁸Kolko, Triumph of Conservatism, pp. 51-53. Armour and Swift were the largest among the six. Cudahy Brothers Company established a plan in 1923. Cudahy Brothers and Cudahy Packing were subsidiaries of the Cudahy and St. Louis Dressed Beef and Provision Company.

¹⁰⁹General Electric and Westinghouse were among the pioneers in the study of labor turnover. Westinghouse engineer H. F. J. Porter brought attention to the problem in 1907 and Magnus Alexander of General Electric and the Massachusetts Commission on Old Age Pensions did the first statistical study. The men who established these pension plans were well aware that most workers would never see benefits. See David F. Noble, America by Design: Science, Technology, and the Rise of Corporate Capitalism (New York: Alfred A. Knopf, 1977), pp. 293-94.

¹¹⁰Latimer, Industrial Pension Systems, vol. 2, appendices A, B, and C, pp. 998-1085.

TABLE
Pension Plans and Employees by Industry, 1929

	Companies	Companies Reporting Employees	Employees*
Noncontributory	39 railroads	39	1,352,286
	61 public utilities	57	658,402
	129 manufacturing	119	1,195,566
	32 banking and insurance	26	71,571
	22 other companies	20	56,035
Contributory	82 companies	70	119,972
TOTAL	365	331	3,453,832

*Includes not all employees but just those of companies reporting employees.

Source: Latimer, Industrial Pension Systems, vol. 1, table IV, pp. 502-5.

as other industries, old age pension plans were established. While numerous less dominant firms established plans, the response to the inquiry of the 1910 Massachusetts Commission on Old Age Pensions seems to be born out. Companies without pension systems put forth as the main reason for their failure to establish plans the businesses' stability.

It is clear that only business concerns that are well established, and sure of a reasonable degree of permanency, can afford to undertake old age provisions for their employees.¹¹¹

By 1929 approximately 365 private companies had established formal

¹¹¹Massachusetts, House, Report of the Commission on Old Age Pensions, Annuities, and Insurance, no. 1400 (Boston: Wright and Potter Printing Company, 1910), p. 152.

old age pension systems covering about 3.5 million employees.¹¹² Though these employees constituted less than 10 percent of the nonfarm employees in the United States, among the companies establishing the plans were the dominant, forward looking, and finally persistent firms of the economy. In 1927, nine of the ten corporations with gross assets over \$1 billion and six of the seven with gross assets between \$750 million and \$1 billion had pension plans.¹¹³ Their examples became models not only for the structure of old age pensions and retirement but of corporate welfare generally.

Writing for the U. S. Commission on Industrial Relations (1913-1915) Selig Perlman of the University of Wisconsin offered an analysis of welfare work in industry in the United States. Because of the mobility of the unskilled and semi-skilled workers employers had to train a large portion of their employees each year. Attractive working conditions, including welfare provisions, might stabilize the work force. The "social awakening" of labor and the threat of strikes and organization led employers to seek a bond between employer and employee. This was done

. . . by inducing the employee to enter with them or with institutions which are under their control into a number of contracts which are supplementary to the wage contract and the termination of the same being dependent upon the continuance of the wage contract and also being fraught with disadvantages to the employee. Instances of such

¹¹²Latimer, Industrial Pension Systems, vol. 1, table IV, pp. 502-5.

¹¹³Ibid., p. 158. The exceptions were General Motors and the Standard Gas and Electric Company. By contrast, only about half of the firms with gross assets between \$250 million and \$750 million had plans. Only forty-three of the 126 firms in the top 200 with gross assets under \$250 million had plans.

disadvantageous contracts are house leases which are made to terminate upon leaving employment, thus throwing the man out of a job and out of a house at the same time, and the operation of "establishment funds" covering accidents, sickness, old age and invalidity. The latter are the American makeshifts for social insurance. The first class of welfare work which takes the form of a general improvement of working conditions without any "strings" on the employee is commendable; for it frequently paves the way for advanced labor legislation; the second form, welfare work with "strings to it," is socially dangerous and ought to be made subject to governmental regulation, or effectually met by the competition of the state engaging in the same kind of welfare work (in the case of housing, for instance), or else it ought to be met by making welfare work compulsory upon all employers (in the case of social insurance).¹¹⁴

Writing particularly of old age pension and invalidity funds

Perlman said,

Probably no less than 1,500,000 employees are employed by firms which maintain such funds. The majority of such firms are railroad companies which especially feel the necessity of ridding their active service of inefficient superannuated employees. The pensions are sufficiently generous but the amount is made to depend on the number of years of service and not on the actual needs of the applicant. This and also the impossibility under the system of a private system to do any work for preventing invalidity are the two big shortcomings of the existing old age pension systems from the standpoint of adequate relief and prevention . . .

However, the greatest evil of a private old age pension system lies in the great power which it gives the employer over the employees: he may force them to do his bidding, to quit the organization [union], etc., by the threat of withholding their pension. Hence the need for remedial legislation. A promise of a pension after it has once been made should be held as being binding upon the employer and the employee should be entitled to a pro rata compensation based upon a fair

¹¹⁴Selig Perlman, "Digest of Mr. Perlman's Report on Welfare Work and Social Insurance," pp. 1-2, Commission on Industrial Relations, Box 7, Record Group 174, National Archives, Washington, D.C.

capitalization of his right to a pension even when he is discharged by his employer prior to the date when his right would mature.¹¹⁵

In the next chapter I will discuss the pension plans to which Perlman refers. The formal provisions of the pension plans established by private employers reflect the context and interests which gave them rise.

¹¹⁵ Ibid., pp. 7-8.

VII

OLD AGE PENSIONS IN PRIVATE EMPLOYMENT

Formally pensioning employees on the basis of age is a relatively recent phenomenon in the United States. The Baltimore and Ohio Railroad established the first formal pension provision in 1880, providing for old age annuities available to all members of the newly organized employees' relief association. Four years later the association introduced a formal pension and superannuation feature.¹ Except for the Baltimore and Ohio

¹Despite numerous references to an old age pension system established by the American Express Company in 1875 [See, for example, David Hackett Fischer, Growing Old in America (New York: Oxford University Press, 1977), p. 165, and W. Andrew Achenbaum, Old Age in the New Land: The American Experience since 1790 (Baltimore: Johns Hopkins University Press, 1978), p. 49] and suggestion of other early plans, I have found no evidence of a formal plan earlier than that of the Baltimore and Ohio Railroad Company. The American Express plan was no doubt used on occasion to pension workers "disabled by old age" but it was not a system of old age [cont.]

plan, which served as an example to later efforts, and a few other old age pension plans among smaller, less important, and less enduring firms, up to 1900 old age retirement provisions were informal and unstandardized.

With the turn of the century came a rapid succession of pension plans. While many plans were established in a short time and while the companies establishing these plans included many of the economy's dominant firms, in terms of numbers alone these pension plans were not very important.

First, while many of the major firms and numerous smaller firms in the economy had adopted plans by the 1920s most firms had not. This was in a period when many industries still included many small firms. Second, many workers were not covered by these plans. Most industrial concerns did not have plans and a large portion of workers remained employed in agriculture where there were no plans. Third, within firms there was discrimination in coverage both among classes of workers and individual workers. Fourth, as late as 1920 most men past sixty-five were still gainfully employed. Pensioning and retirement had not become the usual practice. Finally, except for the railroads, which spanned the continent, these systems were not geographically extensive. The development of old age pensions was, like industry itself, concentrated in the northeast, Atlantic, and mid-central states.

pensions. See Murray Webb Latimer, Industrial Pension Systems in the United States and Canada, vol. 1 (New York: Industrial Relations Counselors, Inc., 1932), pp. 21-22; Alden Hatch, American Express: A Century of Service (Garden City, New York: Doubleday and Company, Inc., 1950), p. 89; and Lee Welling Squier, Old Age Dependency in the United States. A Complete Survey of the Pension Movement (New York: Macmillan Company, 1912), p. 74.

Yet, what is important about pensions in industry in this period does not depend on the numerical or geographic extensiveness of the practice. However narrow the early coverage of these plans the practice of formally pensioning older workers came to be a common assumption of the working life. The practices established at the turn of the century are socially significant for us today. Many of these plans were established in the dominant, forward looking companies of the time and many of these companies--along with many of their practices in all aspects of production--have survived. Pension practices are one aspect of corporate welfare programs and corporate structure generally. Had the pension plans been concentrated in small, competitive firms which failed the practices might not have survived. Likewise, it is possible that the adoption of various formal welfare programs, including pensions, was a condition of the larger firms' survival. Pensions were established in the larger firms and not necessarily in the more competitive firms precisely because pressures--internal and external--threatened the continuation or advancement of the big firms' interests and practices. Like reform generally, old age pensions were a change introduced in order to maintain--and make more efficient, more equitable, or more acceptable, and so forth--the integrity of the given institution or system.

The pension plans established in private employment reflected the context and interests which I have discussed in the previous chapters. Two early plans--those of the Dolge Manufacturing Company and the Baltimore and Ohio Railroad--will provide a general idea of the form of these plans. Then a discussion of various aspects of the plans will describe the variety

and consistency among them.

In 1882 the Dolge Manufacturing Company set up a pension system for its 600 employees engaged in manufacturing piano, organ, and polishing felts, felt shoes, piano sounding boards, and "musical instrument sundries." Alfred Dolge had been a workman and a socialist before becoming a capitalist manufacturer so he felt he had a special perspective on the relations of labor and capital.² In 1895 he advocated nationalization of his pension and insurance system arguing,

Every manufacturer charges yearly an adequate amount for the wear and tear of his machinery to expense account. Why cannot he pay, on the same principle, his share of the Insurance Fund, for the wear and tear on the brains and sinews of his employees? There is no better investment for an employer than that which enables him to ask a man to retire upon his pension when he gets too old to produce as good or as much work as the younger man.³

Dolge was adamant that his system fostered employee independence and was "in direct opposition to paternal government, socialism and communism." Dolgeville, "an ideal industrial village," boasted not only the insurance and pension plan but a mutual aid association, parks and recreation facilities, and schools for children. The Dolge pension and insurance plan was extended to two other Dolgeville firms, Daniel Green and Company

²Paul Munroe, "An American System of Labor Pensions and Insurance," American Journal of Sociology 2 (January 1897):506. [Alfred Dolge,] The Practical Application of Economic Theories in the Factories of Alfred Dolge & Son (Dolgeville, N.Y.: Dolgeville Herald Publishing Company Printers, 1896), pp. 6, 203.

³[Dolge,] Practical Application of Economic Theories, pp. 202-7.

and the C. F. Zimmerman Company, both textile manufacturers. In this way, workers might move among the firms without loss of benefits.⁴

Compared to most early plans the Dolge pension system was generous in its provision. A maximum annual pension was set at \$1000 providing after ten years of service a pension of 50 percent of average annual wages earned in the preceding year; after thirteen years, 60 percent; after sixteen years, 70 percent; after nineteen years, 80 percent; after twenty-two years, 90 percent; and after twenty-five years, 100 percent.⁵ Also unlike most early systems the Dolge plan was based in part on employee contributions.

The system's performance was less than its apparent promise. Of 2046 people employed by the Dolge company between 1874 and 1894 only 40 percent remained in service a year or more; only 10.8 percent, for at least five years. Most employees never became eligible for pensions. As of 1897, fifteen years from the plan's inception, only nine employees, including disability as well as old age recipients, had received pensions, ranging from \$100 to \$507 annually.⁶ As in most pension systems, service requirements were fantastically high given labor turnover rates.

The pension plan of the Baltimore and Ohio Railroad served as the primary example when other railroads and industrial firms instituted plans

⁴Ibid., pp. 118, 205.

⁵In 1887 a plan similar to the Dolge scheme was adopted by the Toledo, Ann Arbor, and North Michigan Railway but because of the road's financial condition the plan apparently came to nothing. Munroe, "An American System of Labor Pensions and Insurance," p. 513.

⁶Ibid., p. 510.

after the turn of the century. The pension feature of the Employees' Relief Association, a company organization, was set up in October 1884 to provide monthly allowances "during the remainder of their days" for employees who had grown old in the service of the company.⁷ The constitution of the Relief Association had, since its inception in 1880, provided an annuity fund to which members could make regular contributions of any amount. Annual allowances would be paid beginning at age sixty-five for life.

The allowance was set at \$.10 on each dollar paid plus \$.005 on the dollar for every year contributions continued. If a member discontinued contributions but did not withdraw them the allowance would be equal to \$.10 on each dollar paid plus \$.005 on the dollar for each year from the middle of the period during which he contributed to age sixty-five. In case a member ceased participation and withdrew his contributions three-fourths of his total contributions would be returned to him. Any member who had become a recipient of the fund might at any time before age seventy receive in one payment an amount equal to five years' allowance in place of all future allowances.

For example, a worker who contributed \$3 per month for twenty years would receive at sixty-five an annual allowance of \$144 having contributed \$720. After five years he would have received the dollar amount of his contributions without interest. Making the same monthly contribution for

⁷The Catalogue of the Centenary Exhibition of the Baltimore and Ohio Railroad, 1827-1927 (Baltimore: n.p., 1927), pp. 181-82. In April 1889 the B & O Employees' Relief Association was taken over by the B & O as part of the company's relief department.

twenty-five years, the allowance would be \$202.50 annually and contributions would have been recovered in four and a half years. The advantage of longer service was a higher allowance and prospects of a greater return over the years of retirement.

An employee who discontinued contributions after twelve years at \$3 per month but who continued working for twenty years to age sixty-five would receive an annual allowance of \$73.44 based on total contributions of \$432, recovered after almost six years. Withdrawal after the twelve years of contributing would net the \$432 in a lump sum payment.

While longer service and continued contributions net higher allowances and a shorter recovery time, the system was barely as good as a banking system. Some workers might not recover the real value of their contributions. More basically, a worker reaching forty or forty-five would find employment difficult to obtain. Overall length of service among workers was not enough nor were wages high enough to lay the basis for allowances whose size might make a difference in retirement.

The B & O pension fund was run by the Committee of Management, consisting of the B & O company president, ex officio, four members appointed by the railroad and five elected by contributors, who voted in proportion to their monthly contributions, which were based on monthly pay. Higher paid employees voted disproportionately to their numbers. The justification for this may have been that provisions generally favored highpaid employees who were likewise higher skilled and longer employed—in both ways more valuable to the company. Benefits were guaranteed by the B & O. Differences arising over claims were submitted to three arbitrators, one chosen

by each party and a third chosen jointly.⁸

In its Fourth Annual Report the Association reported the adoption of the "superannuation, or pension feature." The original constitution of the Relief Association had provided for members "disabled by accidents, sickness or by old age, and, at their deaths, for their families."⁹ The new pension feature, originally proposed in the First Annual Report, provided an old age pension for those who had been members of the Association for four consecutive years and who had served the company for ten consecutive years. From age sixty upwards the employee might be relieved of duty by the company and from age sixty-five the employee might elect retirement. All contributions to the fund were to be made by the company and pensions were always dependent on the financial condition of the fund. No member was entitled to a pension who had left the service of the B & O unless the pension had been awarded prior to separation. Any disputes or claims raised by a member would mean automatic forfeiture of all rights or claims to benefits.¹⁰ Within the system there was no recourse for employees or retirees in case of unfair treatment.

This superannuation, or pension, feature also included disability pensions which might be paid after the old age pension obligations had been

⁸First Annual Report of the Baltimore and Ohio Employees' Relief Association, by W. T. Barnard, Secretary (Baltimore: Press of Isaac Friedewald, 1881), pp. 76-79.

⁹Ibid., p. 76.

¹⁰Fourth Annual Report of the Relief Features, and Second Annual Report of Savings and Building Features, Baltimore and Ohio Employees Relief Association, by S. R. Barr, Secretary (Baltimore: Press of John Cox, 1884).

met by the fund. Overall, provisions of this feature were for members who had become unfit for work by "reason of age, infirmity, or permanent disability."¹¹

At the end of the first year the Association Secretary reported 111 pensioners "as a reward for their long and faithful service."¹² The report concluded,

The value and necessity for the introduction of this feature is fully demonstrated by the year's experience, the majority of those who have been accorded this privilege having been left in their old age and infirmity without other means of support.¹³

In 1888 the Seventh Annual Report reported 165 current members, total enrolment since the feature's introduction having been 195 with thirty deaths. Though the provisions included possible disability pensions, it is likely that all those issued were for old age. There was always only a small margin in the fund and disability pensions were to be paid only if conditions warranted it, old age provisions having been satisfied first. The Seventh Annual Report noted also that the number receiving benefits would not be increased because current funds were too low.¹⁴ This indi-

¹¹ Ibid., p. 8.

¹² Fifth Annual Report of the Relief Features, and Third Annual Report of Savings and Building Features, Baltimore and Ohio Employees Relief Association, by S. R. Barr, Secretary (Baltimore: Dowling and Company, 1886), p. 8.

¹³ Ibid.

¹⁴ Seventh Annual Report on the Relief Features, and Fifth Annual Report on the Savings Fund and Building Features, Baltimore and Ohio Employees Relief Association, by S. R. Barr, Secretary (Baltimore: Relief Association Press, 1888?), pp. 7-8.

cates that few, if any, disability pensions would have been dispensed. More important, the dependability of the pension provision rested on the fund, which was not necessarily well conceived or independent of other economic factors.

Most of the early plans had much in common with the plan of the Baltimore and Ohio. Still, a variety of provisions were established among the companies. Reflecting a range of benefits, these provisions also represented a range of risks and loopholes to which workers might be subject.¹⁵

In general plans were "pensions," "annuities," or "combination" pensions and annuities, though these terms were sometimes used indiscriminantly. Pensions were usually understood to be wholly company supported. Benefits paid in lump sums or periodic payments were usually a function of age, length of service, and income while employed. The term "service pension" implied that the pension granted was compensation for past service. However, a pension was usually entirely gratuitous, a gift from the company to care for a worker unable to continue work in old age or replaced by a younger worker at company discretion.

Generally an annuity was wholly based on employee contributions and implied a somewhat actuarially based arrangement in which employee benefits were a function of contributions and time in the company's service. Annuities were paid out in fixed periodic benefits. Where an annuity was company funded it implied compensation rather than gratuity.

¹⁵See appendix for complete texts of several plans.

An employee might not make money contributions but "accumulate" the annuity as compensation through service. For example, in recommending provisions for the industry the National Electric Light Association chose the term "service annuity" over "pension" to imply that the worker was being compensated for definite service rendered but not paid for in wages. The service annuity was compensation for continuous and satisfactory service.¹⁶

Contributory plans which included monies from both employer and employees could be analyzed into a combination of annuity based on employee contribution and pension based on employer contribution. The distinction was important since, based on their direct contributions, employees might have rights to annuities which did not apply to pensions.

Plans were administered in a variety of ways. Some were independent programs but many were just one among a range of company welfare schemes. They were organized under company departments or separately established relief associations or employees' associations. Though most were ultimately under company control, plans were administered either by company officers or by joint boards of company and employee representatives. The boards of directors or pension committees determined pension eligibility and set pensions, in general administering the funds.

For example, in 1908 the International Harvester Company established a pension plan as part of its newly organized Employees' Benefit Associa-

¹⁶ Arthur Williams, "Industrial Peace Activities of the National Electric Light Association," Annals of the American Academy of Political and Social Science 44 (November 1912):93-94.

tion, a company department set up at company initiative. The Employees' Benefit Association closely resembled the railroad relief departments, after which it had been modeled. The pension plans had a thirty member Board of Trustees. Half were company appointees and half were elected by the employees. The company president was ex-officio chairman of the board.¹⁷

By contrast the plans of the Atlantic Refining Company (1903) and Proctor and Gamble (1904) had no provision or show of joint administration. The Atlantic Refining system set guidelines but administration and provision were finally on an individual basis entirely at the discretion of the board of directors.¹⁸ The Proctor and Gamble plan was formulated and administered by the company management.¹⁹ Both the U. S. Steel and Carnegie Pension Fund (1911) and the Swift and Company Pension Fund (1916) were administered by pension boards of directors appointed by the companies. In the latter case, the board consisted of five members who were officers

¹⁷C. W. Price, "Employees' Benefit Association of the International Harvester Company," Annals of the American Academy of Political and Social Science 33 (1909):246, 248.

¹⁸P. G. Wharton, "The Pension Practice of the Atlantic Refining Company," American Management Association General Management Series, no. 90 (New York: American Management Association, 1929), pp. 3-4, 9. The administration was vested in the plan's Board of Trustees, consisting of the chairman of the board of Atlantic Refining, three members appointed at his discretion, and three members appointed by him as representatives of plan members --one each to represent the manufacturing employees, the sales employees, and the office employees. The role of this Board of Trustees is unclear, however, since throughout the plan discretion and authority were specifically assigned to the company board of directors.

¹⁹Herbert Feis, Labor Relations: A Study Made in the Proctor and Gamble Company (New York: Adelphi Company Publishers, 1928), p. 53.

or employees of the company appointed by the company board of directors to serve one year terms.²⁰

Membership in the pension plan or the welfare system of which it might be a part was either compulsory or voluntary. Usually employment by the company was the sole criterion for membership though age or character might be added.

Membership in the International Harvester Company's pension plan, as in the Employees' Benefit Association generally, was voluntary. Compulsory membership was generally resented among employees and voluntary membership, wrote C. W. Price, Director of the McCormick Works Club in Chicago, was "an opportunity to win the confidence of the old employees and to meet them on a common ground of mutual interests." Indeed, after four months of operation the International Harvester association boasted about 20,000 members, over 75 percent of the employees.²¹ Yet from Price's statement one must infer that the company officials who conceived the plan felt they had a choice as to whether to make membership voluntary or compulsory. Voluntary membership established a field of common interest between the company and its employees--establishing a paternalistic relationship over an adversary one.

In applications for membership to the benefit association, employees had to agree to be governed by the regulations and state that "he is cor-

²⁰United States Steel and Carnegie Pension Fund, Pension Rules, taking effect 1 January 1911, as amended 1 May 1927. Swift and Company Pension Fund (Chicago: 1916).

²¹Price, "Employees' Benefit Association," pp. 251-52.

rect and temperate in habits."²² Such invocations to moral worthiness were not unusual in pension and relief provisions and while they called on traditional notions about charity and worthiness they also served to put workers on political warning. Correct habits could be broadly interpreted and whereas in earlier settings worth was interpreted by moral uprightness and diligence, in the industrial United States worth was an economic attribute.

Where pension eligibility required a minimum number of years service prior to a maximum retirement age, an age limit might be set for membership. For example, with a twenty year minimum service requirement for retirement at age sixty-five anyone over forty-five might be refused membership because he could never qualify for pension. The Swift and Company Pension Fund barred from eligibility those over forty at the time of first employment.²³

Even workers near the minimum age might be rejected since they did not offer the company as many productive years as younger men and were therefore seen as something of a burden on the pension fund. Where plan membership was compulsory or where the company was wary about taking on those who could become a burden, the age requirement for plan membership sometimes became a hiring age limit.

Few plans were compulsory. Those that were often argued along with R. H. Macy and Company of New York, which required membership in its Bene-

²² Ibid., p. 248.

²³ Swift and Company Pension Fund, p. 5.

fit Association, "that improvident employees were the ones who failed to join" under voluntary terms.²⁴ Compulsory membership protected the company from informal, moral obligations by superseding these with formal, bureaucratic arrangements.

Requirements for pension eligibility were based on age, length of service, and quality of service. Typically, between sixty and seventy years of age with twenty to thirty-five years' service an employee became eligible for a pension, provided his service had been continuous and his conduct good. Plans might discriminate among employees, making provision only for particular classes or making different provisions for different classes. Retirement could be compulsory according to the system, voluntary on the part of the employee, or discretionary on the part of the company. The initiative could be by employer, employee, or either. Eligibility was not necessarily settled once a pension was granted. Continuation of the pension might be conditional on conduct in retirement.

Most commonly age and length of service were coordinated requirements. For example, the Pullman Company's system (1914) pensioned employees of at least twenty years' service and seventy years of age.²⁵ The Prudential Insurance Company plan required of men age sixty-five and women

²⁴Employers' Welfare Department, National Civic Federation, "R. H. Macy and Company, New York, Report Upon Conditions of Employees and Recommendations for Improvements" (1912), p. 15, NCF Papers, Box 113, file: Macy, R. H. Co.--1, NYPL.

²⁵F. M. Gunn, superintendent, Pullman Company, Letter to National Civic Federation, 9 September 1914, p. 9, NCF Papers, Box 114, file: Pullman Company, Pullman, Illinois, NYPL.

age sixty with twenty-five years of service.²⁶ Employees of the Atlantic Refining Company might be retired at sixty-five with twenty-five years of service or between sixty and sixty-four with twenty years of service. Retirement at seventy was compulsory unless exception was made by the board.²⁷

In computing length of service stipulations were sometimes made. Swift and Company provided in its pension plan that employment prior to twenty-one years of age would not be computed in the service record.²⁸ Some lapses in actual working were not counted in the service record though they might not constitute breaks in service to disqualify the employee for a pension.

Quality of service was a condition added to age and length of service. Requirements usually stipulated that service must be continuous through the period designated. This meant that an employee who quit or was fired and later rehired would begin his service accumulation as a new employee at reemployment. Continuity could be defined to include strike activity as a break in service. Though continuous service was defined in many plans, determinations were generally at company discretion. New York Edison granted a service annuity to any employee fifty years or

²⁶Prudential Insurance Company of America, The Formation and Growth of the Prudential Old Guard; Announcement of Service Retirement Allowances on Account of Old Age, Forrest F. Dryden, President (Newark, N.J.: March 1912), p. 12.

²⁷P. G. Wharton, "The Pension Practice of the Atlantic Refining Company," p. 7.

²⁸Swift and Company Pension Fund, p. 9.

older who had "rendered satisfactory service" continuously for at least twenty-five years.²⁹

Forrest F. Dryden, President of the Prudential Insurance Company, announced in March 1912 a program of service retirement allowances on account of old age for employees of that company. Prudential was the first insurance company to inaugurate a plan. The system was established

primarily as an encouragement and reward to continuous, loyal and efficient service. The allowances to be granted are not intended to furnish full or adequate support in old age, or during incapacity for work but only as a partial contribution towards such support, the major portion of which should properly be provided for in the future, as heretofore, by the employees, at their own cost and in their own way.³⁰

"Continuous, loyal and efficient service" was the stated objective in numerous pension plans. Continuous, loyal, and efficient employees would be rewarded. Conversely, the promise of a pension was to encourage these attributes in employees.

The loyalty expected of an employee could be far reaching. The Prudential provided as regulation 41 in its plan:

Service Retirement Allowances may be discontinued or withheld in the case of any retired employee guilty of misconduct or action prejudicial to the Company's interests or the public welfare, or both, as determined by the Company, whose decision shall be final.³¹

²⁹"Brief Summary of the New York Edison Company's relations with its Employees," 18 February 1916, NCF Papers, Box 114, file: New York Edison Company, NYPL.

³⁰Prudential Insurance Company of America, Prudential Old Guard, p. 8.

³¹Ibid., pp. 14-15.

Such a clause could be and was, in many instances, used to deny a pension to a worker who had been active in union affairs or in strikes.

Age, length of service, and merit, with the company discretion implied by the latter, could be combined in any way. Merit often dominated, as in the case of the John Hancock Mutual Life Insurance Company (1914), whose policy was expressed in this equivocation on the part of Walter Crocker, third vice-president of the company.

Employees are compensated according to merit and length of service, although the latter is an insignificant factor, except that it greatly influences tenure and general consideration of treatment.³²

Actual retirement was determined by various procedures. Under the Wells Fargo plan at seventy any officer or employee was permitted to retire at his own request or by company decision. If the person had served at least twenty-five years he would be pensioned.³³ The Swift plan provided mandatory retirement and pensioning at sixty-five for men and fifty-five for women, both with twenty-five years service. At sixty for men and fifty for women with twenty-five years service employees could be retired at Board discretion.³⁴ The Carnegie and U. S. Steel plan also had provision for both compulsory retirement and for retirement at request.³⁵

³²Walter Crocker, third vice-president, John Hancock Mutual Life Insurance Company, Letter to William G. Mather, chairman, National Civic Federation Employers' Welfare Committee, 21 July 1914, NCF Papers, Box 112, file: John Hancock Mutual Life Insurance Company, NYPL.

³³Wells Fargo and Company, Pension System (1903), pp. 2-3.

³⁴Swift and Company Pension Fund, pp. 4-5.

³⁵United States Steel and Carnegie Pension Fund, Pension Rules, pp. 4-5.

Eligibility was rarely determined once and for all. The demand for loyalty could go beyond a worker's employment with the company. Many plans stipulated that "good conduct" had to be maintained in retirement or the pension might be revoked. In practice this sometimes meant that retired employees were required to scab or to use their influence over their younger relatives who might be inclined toward union activities. The New York Edison service annuity was subject to approval of the company's board of directors "and conditioned at its pleasure."³⁶

The Atlantic Refining Company plan established in 1903 prohibited pensioners from engaging

. . . in any business in competition with The Atlantic Refining Company or any of its subsidiary companies or . . . [being] . . . employed by any person, firm or corporation engaged in like competition . . . ³⁷

For example, a pensioner retired from the Atlantic Refining Company could not be employed by another refining company or an employee entitled to a pension could not switch jobs taking employ with another company without losing his entitlement. Economically, pensioning could leave the worker in a bind, barred from employment in the industry he knew and pensioned on an allowance inadequate to the cost of living. If a pensioner worked for anyone it would have to be Atlantic Refining and to resume work he would lose his pension. More likely, the company, having pensioned him, was no longer interested in his labor. Efficient service

³⁶"Brief Summary of the New York Edison Company's relation with its Employees," 18 February 1916, NCF Papers, Box 114, file: New York Edison Company, NYPL.

³⁷Wharton, "The Pension Practice of the Atlantic Refining Company," p. 24.

went beyond the behavior of individual workers to the labor force over all. Since older workers were believed to be less efficient, pension plans were to create a more efficient work force by systematically retiring older workers to be replaced by younger, more efficient workers.

Limitation on a pensioner's activities might go beyond restraint to require active loyalty. On November 1, 1915, the Cumberland Valley Railroad Company posted a notice signed by M. C. Kennedy, president.

While the Cumberland Valley Railroad Company has been glad to establish a "Roll of Honor" and pay pensions to faithful employees who have become superannuated in its service; it must be fully understood, nevertheless, that the payment of pensions is wholly a gratuitous act and not in any sense an obligation upon the Company and under no circumstances will pensions be continued to persons who may become dissipated, or are guilty of improper conduct.

It should be distinctly understood that pensioners are considered to be a reserve force subject to an emergency call to duty at any time the Company may have occasion to utilize their services.³⁸

The New York, New Haven and Hartford Railroad Company had a similar policy. E. G. Buckland, vice president and general counsel for the road, described the practice in 1916.

Pensions are granted as gratuities and the company reserves the right to call upon any pensioner for special service which he is physically and mentally able to render and to take into consideration the pension being paid as a part of the payment of such special service.³⁹

³⁸"Notice," The Cumberland Valley Railroad Company, Chambersburg, Pa., 1 November 1915, USRA, file E-38-8, Record Group 14, National Archives, Washington, D.C.

³⁹E. G. Buckland, vice-president and general counsel, New York, New Haven and Hartford, Letter to Ralph Easley, 21 February 1916, NCF Papers, Box 114, file: New York, New Haven and Hartford Railroad, NYPL.

Pension benefits might be dispensed in a lump sum at retirement. More commonly a monthly or weekly benefit was paid. Since the objects of old age pensions were protection in old age and loyalty from employees and retirees, weekly or monthly pensions were favored. A lump sum might not be well managed and would terminate the worker's relation to the firm.

The benefit amounts were determined in several ways. A flat fixed benefit might be prescribed. Benefits might be determined by age and service or by these in combination with some measure of income. The direct relation of salary classification and pension benefit favored higher paid employees providing the least retirement income to those least able to save. In contributory plans benefits were also related to the levels of employee contributions. Overall benefits took into account status (through income), the overall value of the worker's service to the company (through income and service), and loyalty (through length of service).

Some systems followed the English example, basing benefit amounts on the last years' earnings. In common practice the last years of service were the lowest paid since older employees were paid less based on productivity. Increasing the base from the last year to the last ten might increase the pension somewhat. (This practice applied today has precisely the reverse outcome since dollar incomes generally rise with time throughout one's career.) Adjustments following retirement were at company discretion. There were no regular provisions for cost of living increases and amounts might be reduced.

Some companies provided a pension which was simply a percentage

of salary. In the case of Swift and Company, old age pensions were half of average annual salary or wages for the five years preceding retirement.⁴⁰ The benefit of the Westinghouse Electric Annuity Plan (1914, revised 1929) was based on "annuity units" awarded by the company to employees according to length of service and salary classification. Employees could also purchase "employee annuity units" and bonus units were granted to each employee who bought at least as many units as the company had awarded him that year. The cost of employee annuity units was based, according to sex and age, on group annuity tables of the Equitable Life Assurance Society of the United States, which handled the annuity plan.⁴¹

The superannuation pension plan of the Equitable Life Assurance Society itself paid annual pensions to a maximum of \$3,600 a year. Benefits were 2 percent of the aggregate salary the employee received while in continuous service of the company.⁴² Standard Oil gave an allowance of 2 percent of the average annual pay during the ten years next preceding retirement with a minimum of \$300 per year and a maximum of 75 percent of average annual pay. The plan also provided for special allowances determined by the Board.⁴³ The Carnegie and U. S. Steel plan had the same

⁴⁰Swift and Company Pension Fund, p. 6.

⁴¹Westinghouse Electric Annuity Plan. New Program for the Employees of Westinghouse Electric and Manufacturing Company (East Pittsburgh, 1929), pp. 16-17.

⁴²C. J. Martin, chairman, Welfare Committee, Equitable Life Assurance Society, Lecture, NCF Papers, Box 111, file: Equitable Life Assurance Society, NYPL.

⁴³Annuities and Benefits for the Employees of Standard Oil Company (Incorporated in New Jersey) (New York: Annuities and Benefits Committee, 1918), pp. 4-5.

provision set at 1 percent with monthly limits of \$12 and \$100.⁴⁴

Pensions were not generally intended to provide full support in old age. Employees were expected to have savings, family support, or other employment to meet their budget requirements. For the most part, pensions were small and barely adequate to subsistence, if they were that. Average annual pensions in railroading in 1911 were:⁴⁵

Philadelphia Rapid Transit Company	\$240.00
Pennsylvania Railroad	241.00
Atchison, Topeka and Santa Fe	255.00
Canadian Pacific Railroad	274.00
Delaware, Lackawanna and Western	275.00
New York Central Railroad	312.84
Union Pacific Railroad	314.00
Buffalo, Rochester and Pittsburgh	325.50
Philadelphia and Reading Railroad	362.00

In the same year average earnings for full-time employees in railroading were \$690.00.⁴⁶ Such small pensions were justified first by the systems' being non-contributory (entirely company funded) and second on the theory that a pension ought not to provide comfortable support but only subsistence, which required less money in later years. While expenses in old age might be less, they were not enough less to absorb this sudden drop in income. Since wages were near enough subsistence that few workers could save toward retirement, one must wonder how adequate these pension amounts were to subsistence living.

⁴⁴United States Steel and Carnegie Pension Fund, Pension Rules, pp. 5-6.

⁴⁵Carnegie Foundation for the Advancement of Teaching, Seventh Annual Report (1912), p. 64.

⁴⁶U. S. Bureau of the Census, Historical Statistics of the United States, Colonial Times to 1970, Bicentennial Edition, vol. 1 (Washington, D. C., 1975), Series D 747, p. 166.

While, as I have suggested in writing about eligibility, employees might be rather arbitrarily disqualified and, as I have suggested here, benefits were generally low, companies discriminated favorably in the cases of some employees. Such was the case when E. I. duPont de Nemours Powder Company of Wilmington, Delaware, granted a pension in 1908 to R. S. Penniman, retiring general manager of the west coast office. The Board of Pensions considered the \$100 per month maximum pension too little for Penniman, whose income had been approximately \$10,000 per year. The Board applied the standard formula--1 percent of average yearly salary times his years of service estimated to be about thirty--and rounded his pension to \$3000. This determination was not final. Having initially requested this determination from the pension board, the following year Coleman duPont granted Penniman a pension of \$5,000 a year.⁴⁷

Early pension plans were for the most part undertaken with virtually no actuarial consideration. Actuarially based funding was not common until the 1920s when many plans began to mature and federal revenue provisions made pension funds attractive. Financing was primarily non-contributory, i.e., provided entirely by the company according to annual outlays or based on an initial fixed endowment. Because pensions were subject in amount and continuation to corporate discretion, financing was ignored to some degree. In the case of contributory plans, whose financing

⁴⁷T. C. duPont, L. R. Beardslee, Charles Copeland, Coleman duPont, J. P. Laffey, H. M. Barksdale, and Charles B. Halladay, Correspondence, 3 September 1908 to 10 April 1909. Resolution Passed by Board of Pensions, 15 September 1908, duPont Series II, Part 3, Box 123, Eleutherian Mills Historical Library, Wilmington, Delaware.

was based wholly or in part on employee contributions, questions of employee rights made funding a more troublesome area.

Some plans were organized essentially like annuities. Employees paid contributions and received payments at retirement based on amounts paid. Other plans provided both employee and employer contributions to the fund.⁴⁸ The common practice was company funding. The costs of the Prudential plan, for example, were born entirely by the company.⁴⁹

The bases for company contributions varied. In some cases the company contributed a flat sum at the outset. Such was the case of the Carnegie Relief Fund, established in 1901 by an endowment of \$4 million. Such sums might be augmented later by periodic large contributions to keep the pension plan or relief department funded. In 1911 when the companies merged, the U. S. Steel Corporation enlarged the Carnegie endowment by \$8,000,000.⁵⁰ In most cases of non-contributory, that is, entirely company funded, plans monies were annually transferred to the fund to meet the costs of pension payments.

In contributory systems company contributions were according to either of these methods or were related to employee contributions. For example, in the Westinghouse Electric Annuity Plan a system of bonus annuity units were granted by the company based on employee participation

⁴⁸In "pension theory" pensions paid from such a fund could be analyzed into an annuity based on the employee contribution and a pension based on the employer contribution.

⁴⁹Prudential Insurance Company of America, Prudential Old Guard, p. 9.

⁵⁰Chicago Record Herald, 15 December 1912.

in the plan.

Every employee who buys in any annuity year after the effective date of this Plan, Employee Annuity Units to a number not less than the scheduled number of Company Annuity Units that the Company provides for him for said year will receive, as a bonus from the Trustees, one-fourth of a Company Annuity Unit for each Company Annuity Unit the Company provides for him for said year, excluding the bonus units and reckoning only future service and not past service.⁵¹

The International Harvester Company had an unusual arrangement. Company contributions were based on employee participation in the benefit association. If membership was 50 to 75 percent of the average total number of employees of the company over the course of the year, the contribution was \$25,000. Over 75 percent participation, the company gave \$50,000.⁵²

In an unusual case, the Metropolitan Life Insurance Company, in addition to providing allowances of one-third of salary to superannuated employees past sixty-five, also had a staff savings fund which had a retirement feature. Each year the company deposited in the fund an amount equal to one-half the employee's deposits for the year. These deposits with interest could be withdrawn in case of death, permanent incapacity or by a vote of the trustees, in cases of honorable retirement after twenty years continuous service. Voluntary withdrawals by an employee paid only his contributions plus 5 percent interest.⁵³

⁵¹Price, "Employees' Benefit Association," p. 248. These contributions could have been on paper only.

⁵²Ibid.

⁵³This plan was first established in 1900. The description here is from a 1920 version. "Staff Savings and Insurance Fund of the Metropolitan Life Insurance Company," Law and Labor (June 1920):163.

Since most plans were non-contributory and unfunded, pension promises had faulty bases. Company closings and mergers sometimes left employees with no pensions. Pension entitlements were lost and current pensions discontinued. Companies sometimes withheld or limited pension payments in support of company income. Contributory plans provided some protection for workers, not only because workers had more claim to monies they contributed directly but also because contributory plans tended to be more formally organized and funded.

Actuarial provisions required set contributions over a period of years in order that upon retirement an employee's pension would be financially guaranteed. Since funding was introduced in part to meet increased and burdensome costs to the company, actuarially based funding was often accompanied by the institution of employee contributions.

Insurance companies became active in pension plans in the 1920s, establishing plans on actuarial principles. Not only did federal revenue provisions give tax advantages to funds, but also, sound funding schemes were a defense against reform criticism of the inefficiency and unreliability of private pension plans. More important for the insurance companies themselves, successful private company plans might ward off what the insurance industry considered an appropriation of its field of business. Between 1916 and 1929 insurance companies were partly or wholly responsible for all contributory plans adopted in textiles, iron and steel, paper and printing, insurance, and merchandising.⁵⁴ Smaller companies having both

⁵⁴After numerous industrialists began to support state insurance, the insurance industry remained bitterly opposed. Irving Bernstein, The Lean Years, A History of the American Worker 1920-1933 (Boston: [cont.]

less money and less assured stability had virtually no choice but to reinsure. Larger companies could afford to self-insure but looked to the insurance companies whose business it was to insure cost effectively.

Actuarially based plans were the exception among early systems but by the early 1920s actuarial provisions were part of many new or reorganized plans. Plans which had been founded after the turn of the century were approaching maturity. Firms faced increasing costs which had been unanticipated or ignored. For example, the New York Central Lines adopted a pension plan in 1910. In that year the average annual pension was \$275 and the total amount paid was \$289,590. From 1910 to 1927, 9,009 pensions had been granted at an average age of 67.32 with 33.70 average years of service. By 1927 the average pension was \$748.56 with total disbursements of \$2,330,364. The average capital liability⁵⁵ per pensioner had increased between 1910 and 1927 from \$2,068 to \$6,798.⁵⁶ The Baltimore and Ohio Railroad pension payments increased from \$7,354 in 1885 to \$466,953 in 1925. U. S. Steel increased total expenditures to pensions from \$281,457 in 1911

Houghton Mifflin Co., 1972), pp. 484-88. Latimer, Industrial Pension Systems, vol. 1, pp. 49-50.

⁵⁵The capital liability is the amount which the company would have to have on hand at a particular time in order to meet all obligations--present and future--incurred up to that time. A simple formulation sets the capital liability for any employee or pensioner equal to the annual pension times the expected number of years on pension.

⁵⁶Frank V. Whiting, "Insolvency of Pension Plans and Remedies," address presented at Eleventh Annual Conference on Human Relations in Industry, Silver Bay, New York (29 August 1928), pp. 6-7. Also, Bryce M. Stewart, "Financial Aspects of Industrial Pensions," American Management Association General Management Series, no. 87 (New York: American Management Association, 1928).

to \$3,003,209 in 1927 with the average pension increasing from \$175 to \$470 annually.⁵⁷

Calculations on the financial status of the Proctor and Gamble pension system in 1924 brought drastic revisions in 1925. Pension payments had risen steadily. Total pension payments were projected to triple over the next fifteen years, assuming stable enrolment. The cost by 1940 would be between \$40 and \$50 per \$1000 of wages compared to the 1924 company contribution of \$16. Already facing a fund deficit in 1924, the company could anticipate the short fall's growth by 1946 to over \$4 million, an amount "far beyond the company's original intention or its judgment of what should be expended for pensions." The plan was revised by reductions rather than be abandoned.⁵⁸ Some plans were abandoned in the 1920s. Some increased contributions or instituted employee contributions for the first time. Most plans remained unfunded and were paid annually.

The Atlantic Refining pension plan was non-contributory until July 1927 when member contributions were added. In 1924 the company had recognized the problem of increasing costs. Considering only employees over forty-five years of age, the accrued liability⁵⁹ was estimated at \$5 million. In the fall of 1926 George G. Buck, a consulting actuary from New York, was hired to do a valuation. His report in early 1927

⁵⁷ Stewart, "Financial Aspects," pp. 405.

⁵⁸ Feis, Labor Relations . . . Proctor and Gamble, pp. 58-61.

⁵⁹ The accrued liability is the sum of liability over all employees. See note 55. There is no significant difference between the terms capital liability and accrued liability.

showed a total liability in excess of \$23.6 million. As a result member contributions, determined according to the employee's age at joining the system, were instituted. Other aspects of the plan were changed as well.⁶⁰

In the late 1920s most new plans were contributory and many were funded.⁶¹ An example of a plan founded in this period is that of Ballard and Ballard Company in Louisville, producers of wheat flour. Effective March 1, 1928, this old age income plan provided retirement at sixty-five with a monthly pension of \$2 for each year of service. The pension continued until death. Eligible employees were those who joined at a maximum age of forty-five and paid \$2 monthly into the fund during employment. The company also contributed. The plan was met with almost unanimous approval, all but one employee joining. Like many plans at the time, this one was handled by an insurance company, in this case Metropolitan Life.⁶²

The establishment of funds and the addition of employee contributions to feed them was not simply a matter of actuarial soundness and dependable benefits. Questions of risk and the status of funds as capital affected arrangements.

The plans of the New York Stock Exchange and the Western Clock Company were reinsured. In reinsured plans the actuarial risk was trans-

⁶⁰Wharton, "The Pension Practice of the Atlantic Refining Company," pp. 4-5, 7.

⁶¹Stewart, "Financial Aspects," p. 20.

⁶²Fred Borries, vice-president, Ballard and Ballard, Letter to Willcox, chairman, NCF Employers' Welfare Department, 26 April 1928, NCF Papers, Box 85, file: Old Age Dependency and Pensions, General Correspondence B, NYPL.

ferred to an insurance company, which offered annuities on a group basis to industrial firms. Larger private firms could self-insure through a fund set up according to actuarial principles. Depending on how they were organized, such company funds provided a tax advantage for firms. As early as 1919 federal internal revenue regulations allowed certain pension fund contributions to be deducted from gross corporate income. In the 1920s amounts paid directly for pensions to retired employees became deductible as ordinary and necessary expenses. In both cases these amounts were taxable as income when distributed to the pensioners.⁶³

In 1921 internal revenue provisions made employee benefit stock bonus plans and profit sharing trust income exempt from taxation. In 1926 these provisions were extended to pensions.⁶⁴ Under these provisions firms set aside pension reserves rather than mortgaging future profits. At the same time, however, these funds were not lost to investment. Quite the contrary, pension reserves were necessarily invested to provide the return for the pension fund. The difference was that this capital invested, set aside as it had been for pensions, was not taxable.

Employees had no protected rights in these early plans and companies were under no clear obligations. Provisions and continuation of the plans were at company discretion. A pension granted could be revoked or reduced. The plan itself could be altered or terminated. In individual cases a pension could depend on good conduct--behavior not prejudicial to

⁶³Whiting, "Insolvency of Pension Plans," pp. 5, 7-9.

⁶⁴Charles L. Dearing, Industrial Pensions (Washington, D.C.: The Brookings Institutions, 1954), pp. 285-87.

the firm--during retirement as well as employment. Company failures or mergers could mean the end of the pension plan. Portability was unheard of, especially since in many cases employ by another firm in the same industry, considered prejudicial to company interests, might mean an end to one's pension rights. Vesting, as well, was not provided. Plans wholly non-contributory provided no vesting whatsoever. Contributory plans might allow vesting of employee contributions but even in this case the employee might lose.

In the case of a pension plan based on an annuity employees could argue their right to benefits but when the company paid all costs benefits were legally and practically gratuitous. Whatever the benefit structure of the plan, in the final analysis the company was under no obligation. Employees had no legal rights in such a case: no right to a pension, no right to employment to ensure the pension, no protection from changes in the plan's rules or rates, no right to continuation of benefits, no right to benefits adequate to support in old age, no right to contest company determinations of pension eligibility or amount.

Plans contained stipulations such as these from the Prudential regulations:

The plan of Service Retirement Allowances does not concede or grant to any employee the right to be retained in the Company's service, nor does it grant or concede any right or claim to a retirement allowance nor to any interest, right or participation in any fund which may be set apart for this purpose.

The Company's records concerning an employee's length of service and his or her average earnings in salary or wages shall be conclusive and final for all the objects and purposes set forth in this plan of service Retire-

ment Allowances.⁶⁵

Provision eleven of the Swift and Company Pension Fund read,

Pensions may be suspended or terminated in case of misconduct on the part of the beneficiaries or for other cause sufficient in the judgment of the Board to warrant such action. The Board may at its discretion reinstate the pension of any person whose pension shall have been so suspended or terminated.⁶⁶

The Wells Fargo plan stated,

Neither the action of the Board of Directors in establishing a system of pensions, nor any other action now or hereafter taken by it, or by the Board of Pensions in the inauguration and operation of a Pension Department, shall be construed as giving to any officer, agent or employe of the Company a right to be retained in its service, or any right or claim to any pension allowance; and the Company expressly reserves its right and privilege to discharge at any time any officer, agent or employe when the interest of the Company, in its judgment, may so require, without liability for any claim for pension, or other allowance than salary or wages due and unpaid.⁶⁷

By contrast, the Westinghouse Electric Annuity Plan, whose benefits were based on "annuity units," implied rights not only to annuity units purchased by employees, but also,

. . . guarantee[d] the payment by the Trustees, in accordance with the terms and provisions of this Plan, of all Company Annuity Units issued under the Plan by Trustees.

. . .
The Company . . . expects the new Plan to be permanent but, the Company reserves the right to modify the Plan . . . However, all Company Annuity Units is-

⁶⁵Prudential Insurance Company of America, Prudential Old Guard, pp. 14-15.

⁶⁶Swift and Company Pension Fund, pp. 10-11.

⁶⁷Wells Fargo, Pension System, pp. 7-8.

sued up to the time of such action will be honored at maturity.⁶⁸

At least on paper, the plan provided protection for the employees.

The basis for employer contributions could implicitly affect the plan's nature. Wholly non-contributory plans were entirely under company control unless otherwise provided. The cost of the Prudential Insurance plan was born entirely by the company with no employee contributions.⁶⁹

This plan might be changed at any time at company discretion. Regulation 18 of the plan asserted this company control.

The Company reserves to itself, unconditionally, the right to establish at any time in the future any new or different plan of Service Retirement Allowances, or to alter the rate of such allowances, or to discontinue the plan in its entirety. Should such modification or discontinuance be decided upon, thirty days' notice will be mailed to all beneficiaries in receipt of service Retirement Allowances.⁷⁰

Not only could the plan be changed, but also a pensioner could not necessarily depend on his allowance. The pensions granted were legally and practically gratuities, gifts which could be revoked without justification.

Another way in which employee pension rights or benefits were lost was through company mergers. The employees of the subsidiary company might lose their benefits altogether. If they came under the pension plan of the buying company they might be judged ineligible for participation or they might enter the plan as new employees from the merger date. Wells

⁶⁸Westinghouse Electric Annuity Plan, pp. 16-17.

⁶⁹Prudential Insurance Company of America, Prudential Old Guard, p. 9.

⁷⁰Ibid., p. 15.

Fargo had a more elaborated provision than most, to some degree insuring against this contingency. The plan required twenty-five years continuous service between the merged companies with at least thirteen of those years in service to Wells Fargo.⁷¹

Old age pension plans in private industry reflected the context and interests which gave them rise. The plans spoke to the dual problem--old age dependency and superannuation in industry. Old age pensions provided a systematic means to relieve the company of superannuated workers while recognizing the employer's responsibility and the worker's dependence. Age and service requirements combined with effective age limits to assure that superannuated workers were eligible for pensions.

The plans provided an alternative to union old age benefits and state old age insurance. Particularly in the 1920s when old age insurance was the foremost social welfare reform issue, private plans were promoted and measures taken to assure their security through funding.

Age and service requirements guaranteed the value of the firm's paying pensions. Not granted for old age or need merely, pensions were paid to workers who had grown old in the company's employ. Long service, which the plans were to induce, was rewarded.

The plans were structured to encourage and maintain employees' loyalty and good behavior while employed and in retirement. This structure implied limiting individual independence, by tying the employee to the

⁷¹Wells Fargo, Pension System, p. 4.

particular firm, and dampening union activity, a potential basis for denying a pension. No labor or contract law prescribed or protected employees' entitlements under these plans. Pension determinations were entirely subject to company discretion. To protect this prerogative most of the early plans were entirely company funded. Provisions made possible the use of the pension promise and the pensions themselves as disciplinary tools. Regularly paid stipends, as opposed to lump sum benefits which were more common in union plans, maintained the retirees' relationship to the firm. While the company could be rid of its superannuated workers nonetheless it maintained their dependence on the firm.

While eligibility provisions required employees' good behavior, cooperation was induced in a more subtle and essential way. Since in accepting the pension promise employees depended on the firm for their welfare, employees must be concerned with the welfare of the firm. While union or government pensions might have made workers more independent, benefits tied directly to employment identified the workers' interests with those of their employers. These benefits also compounded employees' dependence on employers by expanding their dependence beyond employment itself. This dependence and identification could serve as a basis for stable, business relations with employees and their organizations.

VIII

Conclusion

At the opening of the twentieth century private employers in the United States began to adopt formal old age pension schemes. Three decades later 365 companies, among them the dominant firms in major industries, had established plans. Throughout most of the nineteenth century such practices were not considered because there was no apparent need for them. When old age pensions were discussed it was, for the most part, as inefficient for business and degrading to workers. What changes in ideas, practice, and needs and interests constituted the context for and shaped the introduction of old age pensions in private employment?

Early industrial employers did not have much concern over older workers since few of them grew old in industrial employ. Those few who were not simply fired and remained and who could not continue their usual

pursuits were made exceptions. Reduced pay rates, reduced work loads, and transfers to lighter employment were alternatives to firing. By the turn of the century these options were no longer adequate.

People increasingly looked to industrial employment for lifetime support. Simple firing was less acceptable as union seniority provisions and reform pressures--regarding old age dependence and big business--constrained employers' freedom. The scale and organization of modern industry made informal measures impracticable. In some industries technical constraints made reduced rates and reduced work impossible. A ready supply of workers made it easy to replace and inefficient to maintain older workers. Transfers to lighter work were limited. Workers growing old in industrial firms constituted a problem, superannuation in industry.

Firms confronted superannuation in industry as developments both inside and outside industry changed the nature of old age employment, unemployment, and dependency. During most of the history of the United States unemployment as we know it had not existed. Nor were employment and dependency understood or treated as matters of age. Agrarian society integrated older people in a system of mutual dependence and varying productive roles. Community relief--early in the form of outdoor support and later by maintenance in the almshouse--took no notice of age.

By the end of the nineteenth century changes in property holdings and increased geographic mobility had destroyed the patterns of family relations and subsistence production which had supported the aged. The almshouse, which had long been criticized as decrepit, inadequate, and

poorly administered, was being discredited by the criterion of efficiency increasingly used to judge. Studies concluded that the almshouse--the major form of relief--had become an institution for aged dependents. Old age dependency, recognized as a major social problem, was articulated as a problem of industry and industrial employment. New ideas about the aged laid the basis for discrimination against them as a group.

A solution to the problem of old age dependence would have relieved the firm of superannuation in industry. Thrift plans, which were impracticable, were proposed as a solution. Union and government pension plans, both of which seemed viable possibilities, would have supported older people and rid the firms of superannuation. Both these measures were unacceptable to business. Union plans encouraged a form of unionism not favored by business. Government pensions constituted intervention in labor relations. Because these alternatives were impracticable and unacceptable and for their own interests, companies adopted old age pension plans. These plans were designed to serve company purposes: to induce long and faithful service, to stabilize labor relations, to remove older workers, to formalize practice, to ward off state intervention, and to meet industry's obligation to superannuation.

The provisions of these early plans reflect the context and interests which gave them rise. Pension plans were neither portable nor vested. Age and service requirements were structured to induce long service. Funding kept plans entirely under company control. Company discretion in all areas of administration made the worker who was interested in a pension dependent on employer favor. Plans provided rational-

ized and systematic means for removing older workers. Funding provisions bolstered plans when reform criticism moved for government old age pensions.

This study provides some historical understanding of the nature of old age dependence, unemployment, and retirement. At the same time it points to underlying issues concerning the nature of needs and interests.

The problem of old age dependence transformed and interpreted from the perspective of private employers as superannuation in industry produced a solution which could not adequately speak to the need which bore the problem. Company old age pensions were primarily to rid industry of older workers, not to relieve old age dependency. These pensions were not given for old age or need but for having grown old in the service of the company. In this sense, old age pensions were a no-lose proposition for the firms. Given the number of people who stayed in industrial employment to sixty-five these pensions could not have helped very many people in the early decades. If one did work that long and received a pension, the pension period was short. Meanwhile, in adopting the plans the companies were accomodating public sentiment.

In part for these reasons, private pensions did not ward off federal legislation. However, they established a pattern for company old age pensions and influenced social security legislation. In particular, this model attached old age income provisions to employment. The necessity to provide for unwanted, older workers was combined with other purposes. While not wanting simply to increase wages to allow for saving, firms did

tie old age pension entitlements to wage and employment arrangements, in part because the pensions were introduced to reinforce these arrangements. Entitlement, then, was based in employment. Because jobs and skills were distributed according to ethnicity, nativity, and sex, pensions, were, we can assume, similarly distributed.

Dependence as a social problem entailed the failure or absence of previously assumed relations of dependence. Older people socially and economically individuated, without means of support and lacking relations of dependence were the subjects of old age dependence. Old age pensions responded in part to this condition by creating a relation of dependence in old age between worker and employer.

While old age pensions are markedly different from the system of colonial family dependencies, it is striking that in each instance property is central in the relation of dependence and provision of security. By the middle of the nineteenth century most children no longer depended on parents for property and mutual security. Employees had by that time begun to develop a relation of dependence and security with industrial employers. One difference lay in the fact that the child's subordination to and care of the parent was predicated on the inheritance of independence, the eventual assumption of the role of parent and property holder.¹ Equality over time was implicit in the relation. Such was not the case between employer and employee. Old age pensions entailed the dependence between individual workers and the firm based on the economic relation

¹ Another important difference was the relation between individual and institution by contrast to the earlier relation between individuals.

of property holder to wage worker. The relation was set unequal. The worker's subordination did not assume any possibility of change and, indeed, entailed affirmation of his condition.

At the same time, private old age pensions were an indication of the firm's dependence on labor for production; in particular, on a labor force stable in its work patterns and its political relation to the firm. A stable work force was necessary to continuous, rationalized production and embodied the domination of workers by capital. The necessity to respond to workers' needs assumed the power of workers to disrupt or halt production.²

This study leads us to consider old age retirement as a form of technically and ideologically rationalized unemployment. While at the turn of the century older people were rejected from industry, this rejection has in time been justified as a reward. Retirement, one example of the "leisure" developed in this period, maintained the firms' "physical capital" by replacing worn out workers and became the humane resort for workers past their productive years. Having been defined outside the productive process, older workers were rewarded with their exclusion. At the same time retirement, as a socially acceptable relation to the productive process, implicitly helped older workers avoid the status loss involved in being unemployed.

² Another aspect of property relations entailed in pensions involves mobility. Old age pensions were necessary in part because of the widespread propertylessness, on which a mobile labor force was predicated. At the same time, pensions--appealing to the insecurity which underlay the mobility--were structured to restrain labor mobility.

Finally, this case shows that needs and their satisfaction are historical phenomena. Changes in context can constitute changes in needs and the possibilities for their satisfaction. As we create new means of life--technologies, organizations, products, relationships--we create new needs. Needs are created both in the sense that the conditions for their realization as needs are created and that their expression or interpretation in the context of those conditions is activity. These activities --the creation of conditions and the interpretation of needs--are expressions of interest in the social order.

For example, when the support of a particular group was no longer provided as a matter of course, that support became manifest as a need. The particular conditions under which the need was manifest likewise created new categories of discrimination, namely, employment and dependence on the basis of age. The articulations or interpretations of this need--as old age dependence and superannuation in industry--were expressions of varying interests, were conditioned by the general context in which the needs arose, and in turn conditioned the means for the satisfaction of these needs. Finally, the means (in this case, company old age pensions) developed to satisfy the needs (old age dependence and superannuation in industry) have themselves given rise to new categories and practices (e.g., retirement), new needs (e.g., for vesting and portability), and new notions of the underlying problems (e.g., control of pension funds).

In modern industry workers were, to a large degree, merely labor, that is, a factor input to production. As Abraham Epstein put it in 1922,

. . . modern industry finds little use for the worn-out workers. It replaces and discards these aged wage-earners as it is in the habit of replacing and discarding the worn-out and inefficient machinery.³

The notion of certain workers as a "burden to industry" or as "worn-out" assumed that people, like machinery, were "produced" to meet the needs of the production process.⁴ The idea that a person could have "passed the limit of his efficiency" or "outlived [his] usefulness" implies a standard set for human performance according to the terms of a particular production process. Once workers did not meet the needs of the firms and their machines they were scrapped.

As technologies and forms of organization were the material basis for these ideas at the turn of the century, technologies and forms of organization can now be the basis for new ideas and practices. In particular cases, developments already introduced have made some work safer, easier, and more variable so that exclusion no longer has a physical basis. Shorter hours of work could not only provide full employment but also lessen the burden of work. For those unable to work, removing pensions from their basis in employment and wage contracts could guarantee vesting and portability and free workers to act without fear of future insecurity. Wholesale discrimination against older people has already become an object

³Abraham Epstein, Facing Old Age; A Study of Old Age Dependency in the United States and Old Age Pensions (New York: A. A. Knopf, 1922), p. 20.

⁴An excellent discussion of a closely related notion, that of labor as a commodity, is enlightening here. See Karl Polanyi, The Great Transformation: The Political and Economic Origins of Our Time (Boston: Beacon Press, 1944).

of struggle for a growing movement.

While I have broadly outlined the introduction of old age pensions in private industry with particular attention to two industries, more detailed study of the variety of conditions and practices would provide a richer story and expose the complexities of such matters as technology, scale of production, and skill. For example, one would expect developments in chemical production to be different from those in farm machinery manufacture since the physical process is so different. Insurance companies, less involved in physical production altogether, might be an interesting case, particularly given that industry's special interest in the issue. Since pensions were to induce long service from valued employees one would expect variation according to skill.

Study of union activities and response to company old age pensions would round out the picture a bit. The union stories would also vary by industry according to such factors as the degree and nature of unionization, the union's basis of strength, and the cultural tradition of the union. The labor movement was divided on the question of old age income security provisions. An understanding of these divisions might inform discussion of the variety of interests expressed by labor in this period. Examination of union documents would also answer the question whether workers were effectively won by these pension arrangements, which were so apparently undependable.

Examination of particular business records might provide more concrete information on actual practice. Records of the age composition

of industries' labor forces can provide some insight into the possible extent of pensioning. Studies of whether pensioning actually reduced labor turnover might be available or constructed from materials in particular business archives.

There were divisions within the business community, for example, according to competition, scale of production, and patterns of employment. Study of these variations would provide insight into the political debates over private pensions and government insurance in the 1920s and 1930s.

Old age pensions, along with other welfare practices at the turn of the century, are generally considered to have been part of the basis for a transformation in labor relations, for example, through identification of workers' interests with those of the firms. Study of the specific ways in which this worked would be particularly interesting.

Practices in the United States were imported from Europe. Study of these precedents and the ways in which they were transplanted would ground the introduction of plans in the United States.

Whole segments of the population--women and agricultural workers, for example--were outside these provisions. Their conditions in old age during this period would make stories in themselves.

APPENDIX
Selected Pension Plans

WELLS FARGO & COMPANY

Pension System

Rules and regulations, adopted by the Board of Directors of Wells Fargo & Company, governing the organization of the Pension Department of Wells Fargo & Company respecting a system of pensions, for the purpose of enabling employes of the Company who have rendered long and faithful service to retire when they have attained an age necessitating relief from duty.

(Administrator of Pension Department)

1. The administration of the Pension Department shall be by what is designated as the Board of Pensions, and shall, consist until otherwise ordered, of the following:

(Board)

The President will have the power to fill all vacancies in the Pension Board as they may occur from time to time.

(Powers)

2. The Board of Pensions shall, subject to the approval of the President, have power--

To make and enforce rules and regulations for the efficient operation of the Pension Department; to determine the eligibility of employes to receive pension allowances; to fix the amount of such allowances; and to prescribe the conditions under which such allowances may be made.

It shall make rules, not inconsistent with these regulations, for its own guidance; elect a Chairman from its own number; appoint a Secretary; and from time to time, as required, make reports of its action to the President.

The actions of the Board of Pensions, when approved by the President, shall be final and conclusive.

(Eligibility)

3. The benefits of the Pension system will apply only to those persons who have been required to give their entire time to Wells Fargo & Company, or to that Company and some other Express Company operating jointly where Wells Fargo & Co. controls. In case of such joint employment, the Board of Pensions shall decide the amount of the employe's monthly pay that shall be used in determining the pension allowance.

Source: Wells Fargo & Company Pension System (1903).

(Retirement at seventy)

4. (a) All officers and employees who have attained the age of seventy years shall be retired; provided that, after investigation, it shall appear to the satisfaction of the Board of Pensions that any such officer or employee is able to and does fully discharge the duties of his position and, in the judgment of the Board, the Company's interests will be best served thereby; it may retain him in active employment, but any such officer or employee shall be permitted to retire at his own request. All cases of persons so continued in active employment shall thereafter be brought before the Board for reconsideration periodically--at least as often as once a year. Officers and employees of said age retired, or retiring as above, who have been twenty-five years in the service, shall be pensioned.

(Over sixty and incapacitated)

(b) Officers and employees between sixty and seventy years of age, who have been twenty-five years in the service and who have become incapacitated, may be retired and pensioned.

Physical examination shall be made of employees recommended by the employing officer for retirement who are under seventy years of age, and a report thereof with the recommendation of the physician appointed to make such examination, shall be furnished the Board of Pensions for consideration in determining such cases.

(Date of retirement)

5. Retirement shall be made effective from the first day of the calendar month following that in which the person shall have attained the specified age, or from the first day of a calendar month to be determined by the Board of Pensions.

(Definition of "service" and "in the service")

6. (a) The terms "Service" and "in the Service" will refer to employment with any Express Company which Wells Fargo & Company may have acquired, or may hereafter acquire, and previous continuous service with such Company will be counted as service with Wells Fargo & Company when computing the twenty-five years.

(b) Should Wells Fargo & Company acquire a Line of another Express Company, employees on that Line, to be eligible for the pension roll, must have rendered not less than twenty-five years of continuous service to the two Companies, and, of this service, at least thirteen years must have been to Wells Fargo & Company.

(Computing length of service)

7. In computing service, it shall be reckoned from the date since which the person has been continuously in the service, to the date when retired, eliminating in the final result any fractional part of a month.

Leave of absence, suspension, dismissals [sic] followed by:

reinstatement (within one year), or temporary lay-off on account of reduction of force, is not to be considered as a break in the continuity of service.

Persons who leave the service thereby relinquish all claims to the benefits of pension allowances.

(Basis of pension allowance)

8. The pension allowances authorized are upon the following basis, subject to change however, by the Board of Directors:

For each year of service, an allowance of one per cent. of the average regular monthly pay received for the ten years immediately preceding date of retirement. Thus, if an employe has been in the service for forty years, and his average salary or wages for the last ten years was \$100 per month, his pension allowance would be 40 per cent. of \$100, or \$40 per month.

(Possible change of basis)

9. Should conditions arise making necessary a change in the amount or basis of pensions allowed, the action of the Board of Directors in establishing such change or new basis shall be absolutely conclusive.

(Allowances paid monthly)

10. When pension allowances shall be authorized, pursuant to these regulations, they shall be paid monthly during the life of the beneficiary: Provided, however, that the Company may withhold its allowance in all cases of gross misconduct.

(Reports on employes attaining required age)

11. It shall be the duty of every employing officer to report at once, to the Secretary of the Board of Pensions, all employes who in January, February, and March, 1903, or prior thereto, shall have attained the age of seventy years; also, all employes between the ages of sixty and seventy years, who have served twenty-five years and become incapacitated; and thereafter, at least three months in advance of the date of retirement, all employes about to attain the requisite age for consideration for pension allowances.

(Location of pensioned employes)

12. The Secretary of the Board of Pensions must keep himself advised of the whereabouts of pensioned employes, and shall require satisfactory evidence from each of such employes at least once a year, and oftener if necessary, showing that he is entitled to the pension allowance. It shall also be the duty of any official who may notice or receive any advice of gross misconduct on the part of any pensioned employe to promptly notify the Secretary of the Board of Pensions in relation thereto, who will report the circumstances to the Board of Pensions.

(Pensions not assignable)

13. In order to preserve direct personal relations between the Company and its retired employes, and that they may continue to enjoy the benefit of the pension system, no assignment of pensions will be permitted or recognized.

(Employees retired from service of the Company may engage in other business)

14. The acceptance of a pension allowance does not debar a retired employe from engaging in any other business which is not prejudicial to the interests of this Company, but he can not re-enter the service of the Company.

(Age limit for new employes)

15. No person inexperienced in Express [or Banking*] business over thirty-five years of age, and no person so experienced, over forty-five years of age, shall hereafter be taken into the service: Provided, however, that, in the discretion of the President persons may temporarily be taken into the service irrespective of age, for a period not exceeding six months, and that this period may be extended, if necessary, to complete the work for which said persons were originally employed: Provided, also, that with the approval of the Board of Directors, persons may be employed indefinitely, irrespective of age limit, where the service to be rendered requires professional or other special qualifications.

(No right to continued employment or pension allowances conferred)

16. Neither the action of the Board of Directors in establishing a system of pensions, nor any other action now or hereafter taken by it, or by the Board of Pensions in the inauguration and operation of a Pension Department, shall be construed as giving to any officer, agent or employe of the Company a right to be retained in its service, or any right or claim to any pension allowance; and the Company expressly reserves its right and privilege to discharge at any time any officer, agent or employe when the interest of the Company, in its judgement, may so require, without liability for any claim for pension or other allowance than salary or wages due and unpaid.

(Date effective)

17. These rules and regulations shall take effect January 29, 1903.

DUDLEY EVENS,
President

HOW TO SECURE A PENSION.

The applicant for a pension will secure the proper form of

*Bracketed portions were printed in the original document and thereafter deleted by hand in the copy I examined. There is no indication of the date or status of these deletions.

application from the Secretary of the Board of Pensions at San Francisco, and, when filled out, will obtain the signature to it of his employing officer. The application should be sent to the Secretary of the Board of Pensions. Wells Fargo & Company, San Francisco, Cal., and the action taken thereon by the Board will be communicated to the applicant through his employing officer.

PENSIONS--HOW COMPUTED.

The amount of pension will depend upon two conditions, viz., the number of years the person has served the Company, and the amount of his average regular monthly pay for the ten years next preceding retirement. Therefore, to find the amount of the monthly allowance, first ascertain the average regular monthly pay for the ten years next preceding the date of proposed retirement, then find the number of years employed by the Company, and from the final result eliminate any fractional part of a month; thus, 26 years and six months, or 26.5 years. The number of years of service determines the percentage to be applied to the average monthly pay. Thus, if it is found that the average monthly pay for the ten years next preceding the time of retirement was \$80, and the years of service 26.5 the monthly pension would be 26.5 per cent of \$80, or \$21.20.

The following is the form that will be used by applicants for pensions:

APPLICATION FOR PENSION.

Personal Record of Service.

I, personally, make this record of my services with Wells Fargo & Company, and tender it as the basis for being placed on the pension rolls of that Company:

Name (in full)
Date of birth (month, day, year)
Where born
Entered W. F. & Co.'s service (month, day, year)
Where first employed
In what capacity then employed
Monthly pay at date of employment
Occupation with company between first and present, if any
.....
Where now employed

In what capacity now employed
Present monthly pay
Salary received yearly during each of the last ten years
.....

If more than one position has been held, or the amount of salary
received has varied during this time, show these facts in detail
.....

If you left the service of this company, give time not in the service
of the Company from the date of original employment, showing
length of different periods, if there were more than one
.....

Remarks: (In this space give any information as to your service with
the Company that you think should be known by the Board of Pen-
sions in its investigation of your case)

I hereby certify to the correctness of this record.

.....
(Signature of Applicant.)

The above statement, to the best of my knowledge and belief, is correct.
I recommend that pension be allowed.

.....
(Signature of Employing Officer.)

Employees sixty-one to sixty-nine years of age applying for
pensions on account of disability will be required to furnish a certificate
from their Family Physician, if they have one, such Certificate to be
approved by the nearest Wells Fargo & Company Physician.

If they have not had a Family Physician within a year, the Certi-
ficate of the Company's Physician will be sufficient.

PENSION DEPARTMENT--Wells Fargo & Company.

Permanent Disability--Certificate of Family Physician.

I have examined the person whose address is below, and hereby
certify as follows:

Name of person examined

His Postoffice address
His occupation
I have known him years
I have been his Family Physician for years
I consider him to be permanently disqualified for the duties of his
position with the Company for the following reasons:

Conditions of Heart
Lungs
Liver
Stomach
Bowels
Kidneys
Spine
Sight
Hearing

Any facts that may be useful to the Board of Pensions in deter-
mining this case

Date Signed
Address

I am acquainted with Dr.
who signs the above Certificate, and believe him competent to give a
correct opinion in this case.

Signed
(Physician, W. F. & Co.)

Date

(This blank to be used where the applicant has a Family Physician
who has known him at least one year; and is to be signed by the Company's
nearest Physician.)

PENSION DEPARTMENT.

WELLS FARGO & COMPANY.

Permanent Disability-Report of Company's Physician.

I have this day examined
who is employed by Wells Fargo & Company at

as and believe him to be permanently disabled for performing the duties of his position with the Company, for the following reasons:

.....
Condition of Heart
Lungs
Liver
Stomach
Bowels
Kidneys
Spine
Sight
Hearing

Any facts that may be useful to the Board of Pensions in determining this case

Date

Signed

(Physician, W. F. & Co.)

NOTE.--This report is strictly confidential between the Physician and the Board of Pensions, and it is hoped that the Physician will give the Board all the information in the case that he can, so that no injustice shall be done to the Applicant or to the Company.

NOTE.--This blank is to be used where the Applicant has not had a Family Physician for the last year, the Certificate of the Company's Physician being sufficient.

PERSONAL RECORD CARDS.

The Board of Pensions has determined that a personal record shall be made and kept of every person employed by the Company who has attained the age of fifty years or over, so that the Board may at all times have in its possession all information required in determining the pension status, present and future, of any person who at any time may come within the limits of the pension system. For this purpose a record card has been prepared and will be supplied by the Stationery Department on regular requisition.

Should the spaces on the face of the card not give sufficient room, the lines on the back may be used.

Two records are to be made for each person permanently in the

employ of the Company who has reached the age of fifty years or over; they will be sent to the head of the department by whom he is employed, who will file one in his office, and sign, and forward the other to the Secretary of the Board of Pensions.

These record cards should be revised by the heads of departments during the month of January of each year and new card made covering any changes that have occurred during the past year, which should include any change in title or occupation of employes.

New record cards should also be made for those employes who have during the year attained the age of fifty years.

The record card does not do away with the record of service required on application for pension.

EMPLOYEE'S RECORD CARD.

Wells Fargo & Company.

Will be 70 years of age
(Do not fill in this space.)

Name (in full)
Date of birth (month, day, year)
Where born
Entered W. F. & Co.'s service (month, day, year)
Where first employed
In what capacity then employed
Monthly pay at date of employment
Other positions occupied in Company's service since first employment ..
.....
Where now employed
In what capacity now employed
Present monthly pay
.....
Superintendent.
.....190...

(BACK OF RECORD CARD)

If employe left the service of the Company at any time between his first employment and now, state the fact and give length of time absent, and any other particulars.

THE PRUDENTIAL OLD GUARD

Prudential Insurance Company of America

RULES AND REGULATIONS Governing Service Retirement Allowances on Account of Old Age

1. The plan of Service Retirement Allowances hereby established shall apply to the entire Industrial Field force and to all the employees of the Home Office, including Inspectors and those employed in the Building and Mechanical departments. The plan shall not apply to the Officers of the Company.

2. Service Retirement Allowances shall be granted only to employees who shall have received a stated and regular compensation, and the plan shall not apply to the Field Employees of the Ordinary Department whose compensation is entirely on a commission basis, nor to Medical Examiners rendering service on the basis of fees.

3. Male employees of the character defined in the preceding sections, who shall have attained the age of sixty-five years and who shall have been twenty-five years or more continuously in the Company's service, may, upon their own application or at the discretion of the Company, be retired. All male employees on reaching the age of seventy shall be retired.

4. Female employees of the character defined in Sections 1 and 2 who shall have attained the age of sixty years and who shall have been twenty-five years or more continuously in the Company's service, may, upon their own application or at the discretion of the Company, be retired. All female employees on reaching the age of sixty-five shall be retired.

5. The Service Retirement Allowance on account of age shall go into effect as herein provided on the first day of the calendar month following retirement.

6. In computing length of service, absence granted by the Company to employees in exceptional cases will not be deducted unless such absence exceeds six consecutive months.

7. Employees who leave the service of the Company shall not be entitled to Retirement Allowances, and if any such employee shall be re-employed he or she shall be considered, for the purpose of the present plan, as a new employee, unless an exception is made on the merits of the case by the Company. Absence from the service solely on account of illness or injury, or by written permission of the Company, shall not be deemed to be a break in the continuity of the service of the employee.

Source: Prudential Insurance Company of America, The Formation and Growth of the Prudential Old Guard; Announcement of Service Retirement Allowances on Account of Old Age, Forrest F. Dryden, President (Newark, N.J., March 1912). (Pamphlet.)

8. The rate of Service Retirement Allowance shall be, for each year of service rendered, one per cent. of the average annual earnings in wages or salary, exclusive of compensation on account of Ordinary insurance, new or renewed, received during the ten years of employment preceding the retirement.

9. The computation of Service Retirement Allowances is illustrated in the following example: Assuming an employee to have attained the age of sixty-five years and to have been continuously twenty-five years in the Company's service and his average earnings for the previous ten years of service to have been \$1,440 per annum--the retirement allowance would be 1 per cent. of \$1,440, i.e., \$14.40, multiplied by 25, the number of years of service, or \$360 per annum. If the length of service had been thirty years, the retirement allowance for the remainder of life would be \$432 per annum, or \$36 per month.

10. The minimum retirement allowance shall be \$30 a month, and the maximum \$100 per month. When the retirement allowance computed as herein provided would be less than \$30 a month, it will be increased to that amount, or if it should exceed \$100 a month it will be reduced to that amount.

11. Service Retirement Allowances will be paid monthly in advance and will continue only during the lifetime of the retired employee, subject however to the conditions and limitations of this plan as otherwise provided or as may be deemed necessary or advisable in the discretion of the Company.

12. The Service Retirement Allowances provided under this plan are solely for the benefit of the retired employees and their immediate dependents during such employees' lifetime, and they shall in no case be in any wise assignable to any person, persons, firm or corporation, for any consideration whatsoever. If any assignment is made or attempted contrary to this rule, the Service Retirement Allowance may be terminated at the discretion of the Company.

13. The receipt or acceptance of Service Retirement Allowances, as provided under this plan, shall terminate the payment of any other allowance or gratuity previously granted.

14. Service Retirement Allowances may be discontinued or withheld in the case of any retired employee guilty of misconduct or action prejudicial to the Company's interests or the public welfare, or both, as determined by the Company, whose decision shall be final.

15. The plan of Service Retirement Allowances does not concede or grant to any employee the right to be retained in the Company's service, nor does it grant or concede any right or claim to a retirement allowance nor to any interest, right or participation in any fund which may be set apart for this purpose.

16. The Company expressly reserves the right to discharge at any time any employee when in its judgment the interests of the Company so require, and in the same manner and with the same effect as if no plan of Service Retirement Allowances had been established.

17. The acceptance of a Service Retirement Allowance shall not debar any former employee from engaging in any other business, unless such

employment is deemed by the Company to be contrary to its interests, in which case the continuance of the Service Retirement Allowance will be made conditional upon the discontinuance of such employment.

18. The Company reserves to itself, unconditionally, the right to establish at any time in the future any new or different plan of Service Retirement Allowances, or to alter the rate of such allowances, or to discontinue the plan in its entirety. Should such modification or discontinuance be decided upon, thirty days' notice will be mailed to all the beneficiaries in receipt of Service Retirement Allowances.

19. The Company's records concerning an employee's length of service and his or her average earnings in salary or wages shall be conclusive and final for all the objects and purposes set forth in this plan of Service Retirement Allowances.

20. The entire cost of this plan will be paid by the Company, and no contributions whatsoever will be required of the employees. The plan is not intended to provide for full support in old age, but is established to provide in a systematic manner a reasonable amount of pecuniary assistance to deserving employees.

UNITED STATES STEEL AND CARNEGIE PENSION FUND

I. ANNOUNCEMENT by E. H. GARY, CHAIRMAN UNITED STATES STEEL CORPORATION

Plans have now been consummated to begin on January 1, 1911, to pay pensions from the United States Steel and Carnegie Pension Fund, which was established last spring by the joint action of the United States Steel corporation and Andrew Carnegie. This Fund was established for the purpose of paying old-age pensions from the income of the Fund to employees of the United States Steel Corporation and its subsidiary companies. For this purpose the United States Steel Corporation provided eight million dollars, which, with the Carnegie Relief Fund of four million dollars created by Andrew Carnegie on March 12, 1901, makes up a joint fund of twelve million dollars. This Pension Fund is administered by a Board of twelve Trustees, through a Manager appointed by the Board, with such powers and duties as may be given him by the Board.

The Board of Trustees has adopted Pension Rules for the administration of this Fund, to take effect on January 1, 1911, and apply to persons who are in the service of the United States Steel Corporation and its subsidiary companies on and after that date.

Under the Pension Rules three classes of pensions are provided:

First: Pensions by compulsory retirement, granted to employees who have been twenty years or longer in the service and have reached the age of seventy years for men and sixty years for women.

Second: Pensions by retirement at request, granted to employees who have been twenty years or longer in the service and have reached the age of sixty years for men and fifty years for women.

Third: Pensions for permanent incapacity, granted to employees who have been twenty years or longer in the service and have become permanently totally incapacitated through no fault of their own.

The monthly pensions to be paid from the income of the fund will be made up on the following basis: For each year of service one percent of the average regular monthly pay received during the last ten years of service; provided, however, that no pension shall be more than one hundred dollars a month or less than twelve dollars a month. For example,--an employee who has been twenty-five years in the service and has received an average monthly pay of sixty dollars a month, will receive a pension allowance of fifteen dollars a month.

This Pension Fund provides for the support of faithful employees in their old age. It is entirely separate and distinct from the Voluntary Accident Relief Plan put into operation by the United States Steel Corporation on May 1, 1910, which provides for employees who may be injured and the families of employees who may be killed while at work in the service of the subsidiary companies of the United States Steel Corporation.

Neither the Voluntary Accident Relief Plan nor the United States Steel and Carnegie Pension Fund involves any contribution from the men themselves toward the accident relief or old age pensions.

Source: Paul Underwood Kellogg, ed., The Pittsburgh Survey, 6 vols. (New York: Charities Publication Committee, 1910; reprint ed., New York: Arno Press and the New York Times, 1969), vol. 3: The Steel Workers, by John A. Fitch, pp. 336-40.

II. UNITED STATES STEEL AND CARNEGIE PENSION FUND

The United States Steel and Carnegie Pension Fund was established in the year 1910 by the joint action of the United States Steel Corporation and Andrew Carnegie. Its purpose is the payment to employees of old age pensions from the income of the Fund. For this purpose the United States Steel Corporation provided \$8,000,000, which, with the Carnegie Relief Fund of \$4,000,000 created by Andrew Carnegie on March 12, 1901, makes up a joint fund of \$12,000,000. This Pension Fund is administered by a Board of twelve Trustees, through a Manager appointed by the Board with such powers and duties as may be given him by the Board. The Pension Rules are established by resolution of the Board of Trustees.

PENSION RULES

Who May Obtain Pensions

1. Employees of the United States Steel Corporation or of any other corporation a majority of whose capital stock is owned or controlled by the United States Steel Corporation, or of the Board of Trustees of this Pension Fund, may obtain pensions under the following conditions:

FIRST.--Pensions by Compulsory Retirement.

2. All men who have been twenty (20) years or longer in the service and have reached the age of seventy (70) years shall be retired and pensioned.

3. All women who have been twenty (20) years or longer in the service and have reached the age of sixty (60) years shall be retired and pensioned.

4. At the request of their employing officers persons employed in executive or administrative positions may be allowed to continue in active service after reaching the ages mentioned above.

SECOND.--Pensions by Retirement at Request.

5. Any man who has been twenty (20) years or longer in the service and has reached the age of sixty (60) years may be retired and pensioned either at his own request or at the request of his employing officer.

6. Any woman who has been twenty (20) years or longer in the service and has reached the age of fifty (50) years may be retired and pensioned either at her own request or at the request of her employing officer.

THIRD.--Pensions for Permanent Incapacity.

7. Any employee who has been twenty (20) years or longer in the service and has become permanently totally incapacitated through no fault of his or her own as a result of sickness, or injuries received while not on duty, may be pensioned at the discretion of the Board of Trustees.

Amount of Pensions

8. The monthly pensions to be paid will be made up on the following basis subject to the provisions of section 27:

For each year of service one per cent (1%) of the average regular monthly pay received during the last ten years of service.

ILLUSTRATION.--An employee who has been twenty-five (25) years in the service and has received an average regular monthly pay of sixty dollars (\$60) a month will receive a pension allowance of twenty-five per cent (25%) of sixty dollars (\$60) or fifteen dollars (\$15) a month.

9. No pension granted shall be more than one hundred dollars (\$100) a month or less than twelve dollars (\$12) a month.

How to Obtain Pensions

Pensions by Compulsory Retirement

10. Employing officers will report to the Manager of the Fund the name of every man who has been twenty (20) years or longer in the service and has reached the age of seventy (70) years, and of every woman who has been twenty (20) years or longer in the service and has reached the age of sixty (60) years. These reports will be sent to the president of the company concerned for his approval.

Pensions by Retirement at Request

11. Any man who has been twenty (20) years or longer in the service and has reached the age of sixty (60) years, and any woman who has been twenty (20) years or longer in the service and has reached the age of fifty (50) years, who wishes to be retired and pensioned, should notify his or her employing officer.

12. Any employing officer who wishes to retire an employee who has reached the age and has had the length of service fixed for retirement by request must notify such employee and report to the Manager of the Fund the request that such employee be retired and pensioned. These requests whether from an employee or an employing officer will be sent to the president of the company concerned for his approval.

Pensions for Permanent Incapacity

13. Any employee who has served twenty (20) years and who is permanently totally incapacitated through no fault of his or her own as a result of sickness, or injuries received while not on duty, may notify his or her employing officer and apply for a pension. Every such application will be sent by the employing officer to the president of the company concerned for his approval. In every such case it must be shown to the satisfaction of the Board of Trustees by physical examination that the employee applying for a pension is permanently totally incapacitated to earn a livelihood.

General Regulations

14. Pensions from the Fund will be paid only to those employees who have given their entire time to the service of corporations included under the provisions of the Fund.

15. The acceptance of a pension from the Fund shall not bar any former employee from engaging in other business so long as such other business is not of the same character as the former employment. No employee receiving a pension may re-enter the service.

16. Length of service shall be reckoned from the date since which the employee has been continuously in the service to the date when retired, and a part of a year if less than a half shall not be counted, if more than a half it shall be counted as a full year.

17. Leave of absence, suspension, temporary lay-off on account of reduction in force, or disability shall not be considered as breaks in the continuity of service, and time thus lost shall not be deducted in reckoning the length of service.

18. Dismissal or voluntarily leaving the service followed by reinstatement within two years shall not be considered as breaks in the continuity of service, but the time thus lost shall be deducted in reckoning the length of service.

19. The Board of Trustees shall fix the date, in each case, upon which the pensions shall begin.

20. Pensions shall be paid monthly at the close of each month, unless revoked by the Board, and shall terminate with payment for the month succeeding that in which the death of the employee occurs.

21. Whenever the terms "service" and "in the service" are used in these rules they mean employment by the United States Steel Corporation, by one or more corporations a majority of whose stock is owned or controlled by the United States Steel Corporation, by their predecessors, or by the Board of Trustees of this Fund.

22. Pensions may be withheld or terminated in case of misconduct on the part of the beneficiaries or for other cause sufficient in the judgment of the Board of Trustees to warrant such action.

23. In order that direct personal relations with retired employees may be preserved and that such employees may continue to enjoy the benefits of pensions granted them, no assignment of pensions will be permitted or recognized under any circumstances; neither shall pensions be subject to attachment or other legal process for debts of the beneficiaries.

24. This Pension Plan is a purely voluntary provision for the benefit of employees superannuated or totally incapacitated after long and faithful service and constitutes no contract and confers no legal rights upon any employee.

25. The Manager of the Fund shall decide all questions arising out of the administration of the Fund and relating to employees, subject to a right of appeal to the Board of Trustees within thirty (30) days after notice to the persons interested of the Manager's decision. The action of the Board of Trustees or of any committee designated by the Board to hear such appeals shall be final and conclusive.

26. Neither the creation of this Fund nor any other action at

any time taken by any corporation included under the provisions of the Fund or by the Board of Trustees shall give to any employee a right to be retained in the service, and all employees remain subject to discharge to the same extent as if this Pension Fund had never been created.

27. Whenever it may be found that the basis named for pensions shall create total demands in excess of the annual income increased by any surplus deemed applicable by the Board of Trustees, a new basis may be adopted reducing the pensions theretofore or thereafter granted so as to bring the total expenditures within the limitations fixed by the Board of Trustees. Notice of such new basis shall be given before the beginning of the year in which it may be decided to put the same into effect. These Pension Rules may be changed by the Board of Trustees at its discretion.

28. An annual report giving an account of the Fund and its administration will be made as soon after the first of each year as practicable, and copies of such report will be posted at all mills, mines, railroads, shops and other works and published in such newspapers as may be designated by the Board of Trustees.

By order of the Board of Trustees, these Rules for the administration of this Fund shall take effect on January 1, 1911, and shall apply to those who are in the service on and after that date.

III. OFFICERS OF THE UNITED STATES STEEL AND CARNEGIE PENSION FUND

Trustees

Frank D. Adams	Duluth, Minn.
Raynal C. Bolling	New York, N.Y.
William B. Dickson	New York, N.Y.
Robert A. Franks	New York, N.Y.
Elbert H. Gary	New York, N.Y.
James H. Hoyt	Cleveland, Ohio
Kemper K. Knapp	Chicago, Ill.
George W. Perkins	New York, N.Y.
James H. Reed	Pittsburgh, Penna.
Andrew Squire	Cleveland, Ohio
Charles L. Taylor	Pittsburgh, Penna.
Hampden E. Tener	New York, N.Y.

Finance Committee

Elbert H. Gary, Chairman
Robert A. Franks
George W. Perkins
James H. Reed
Hampden E. Tener

Pension Committee

Raynal C. Bolling, Chairman
Elbert H. Gary
James H. Reed
Charles L. Taylor

General Executive Officers

Elbert H. Gary, Chairman	New York, N.Y.
George W. Perkins, Vice-Chairman	New York, N.Y.
Robert A. Franks, Treasurer	New York, N.Y.
Raynal C. Bolling, Secretary	New York, N.Y.

Manager

J. B. Erskine	Oliver Building, Pittsburgh, Penna.
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SWIFT & COMPANY PENSION FUND

For the purpose of making provision for faithful employees, Swift & Company has adopted the following Pension plan:

ONE

Fund The Fund shall be known as "Swift & Company Pension Fund."

TWO

Pension Board

The Fund shall be administered by the Board, which shall consist of five members who shall be officers or employees of the Company.

The members of the Board shall be appointed annually by the Directors to serve one year and until their successors shall be appointed.

The Board shall elect of its members, a Chairman and a Secretary. The Treasurer of the Company shall be ex-officio Treasurer of the Fund.

The Board, subject to the approval of the Directors may make and enforce such rules as it may deem advisable for the efficient administration of the Fund.

A majority of the Board shall constitute a quorum for all purposes connected with the administration of the Fund under the rules.

THREE

Pension Fund

The Fund created by the Company is Two Million dollars (\$2,000,000) and such additional contributions as may be made by the Company from time to time. The Fund shall be invested in interest bearing securities approved by the Board.

FOUR

Those Eligible

Employees of the Company or of its subsidiary corporations

Source: Swift & Company Pension Fund (Chicago, 1916).

will be eligible under the following conditions:

Service and Age--Males

(A) At the discretion of the Board male employees who have been in the service continuously for twenty-five (25) years or longer and have attained the age of sixty (60) years may be pensioned.

Male employees who have been in the service continuously for twenty-five (25) years or longer and have attained the age of sixty-five (65) years shall be pensioned.

Service and Age--Females

(B) At the discretion of the Board female employees who have been in the service continuously for twenty-five (25) years or longer and have attained the age of fifty (50) years may be pensioned.

Female employees who have been in the service continuously for twenty-five (25) years or longer and have attained the age of fifty-five (55) years shall be pensioned.

Disability

(C) An employee who has been in the service continuously for fifteen (15) years or longer up to twenty-five (25) years and is permanently incapacitated for work through no fault of his or her own may be pensioned at the discretion of the Board.

(D) An employee who has been in the service continuously for twenty-five (25) years or longer and is permanently incapacitated for work through no fault of his or her own may be pensioned at the discretion of the Board.

Age Restriction

(E) Employees who were over forty (40) years of age at the time of entering the service shall not be eligible for a pension.

FIVE

Pension--How Computed

The pension of employees regularly retired on account of age and length of service under Clauses Four A (4A) and Four B (4B) and of employees retired on account of permanent incapacity for work prior to attaining the age of retirement under Clause Four D (4D), shall be one-half (1/2) of the average annual salary or wage for the five (5) years preceding retirement.

The pension of employees retired on account of permanent incapacity for work prior to reaching the age of retirement

under Clause Four C (4C), shall be computed on the basis of one and one half percent (1 1/2 %) of the average annual salary or wage for the five (5) years preceding retirement for each year of continuous service.

Maximum and Minimum Pension

In no case shall the pension exceed fifty percent (50%) of such average salary or wage, nor shall the maximum pension be more than Five Thousand dollars (\$5,000) per year, nor shall the minimum pension be less than Two Hundred and Forty dollars (\$240) per year.

SIX

Dependents of Deceased Employees

The widow, (or if no widow, then the children under eighteen (18) years of age and unmarried) of an employee whose term of service has been fifteen (15) years or more up to twenty-five (25) years and who was in the service of the Company at the time of his death may receive a pension equal to three-quarters (3/4) of one percent (1%) of the average annual salary or wage of the husband (or father) for the five (5) years prior to his death for each year of continuous service.

If the employee had been in the service continuously for twenty-five (25) years or more such pension shall be one quarter (1/4) of the average annual salary or wage of the husband (or father) for the five (5) years prior to his death.

In no case shall the pension exceed twenty-five percent (25%) of such average salary or wage, nor shall the maximum pension be more than Twenty-five Hundred dollars (\$2,500) per year.

Re-marriage of Widow

Upon the re-marriage of the widow her pension shall cease, but one-half (1/2) of her pension may be paid to the children of the deceased employee if there be any under eighteen (18) years of age and unmarried.

Death of Widow

Upon her decease, the widow not having remarried, her pension may be paid to the children of the deceased employee if there be any under eighteen (18) years of age and unmarried.

As each child attains the age of eighteen (18) years or marries, his or her interest in the pension shall terminate.

The Board at its discretion may at any time during the continuation of the pension, increase or decrease the amount

to be paid to dependents of deceased employes as may seem equitable under the circumstances of each case.

SEVEN

Dependents of Deceased Pensioner

The widow (or if no widow, then the children under eighteen (18) years of age and unmarried) of a deceased male pensioner shall be allowed one-half (1/2) of the pension of the husband (or father).

Re-marriage of Widow

Upon the remarriage of the widow her pension shall cease but one-half (1/2) of the pension paid her may be paid to the children of the deceased pensioner, if there be any under eighteen (18) years of age and unmarried.

Death of Widow

Upon her decease, the widow not having remarried, her pension may be paid to the children of the deceased pensioner if there be any under eighteen (18) years of age and unmarried.

As each child attains the age of eighteen (18) years or marries, his or her share in the pension shall terminate.

The Board at its discretion may at any time during the continuation of the pension, increase or decrease the amount to be paid to dependents of deceased pensioners as may seem equitable under the circumstances of each case.

EIGHT

Service

(A) The terms "service" and "in the service" apply to all employes of the Company or of its subsidiary corporations. The term of service shall be computed from the date of employment by the Company or by its subsidiary corporations.

Employes Under 21 Years of Age

(B) In the case of employes who entered the service before attaining the age of twenty-one (21) years, the service records for computing pensions shall commence at the time the employe attains such age.

Employes of National Packing Company

(C) Employes of the National Packing Company and employes of its subsidiary corporations, who were employed by the Company or any of its subsidiary corporations at the time of the dissolution of the National Packing Company (July 27, 1912), shall

be allowed service credit from the time of entering the employ of the National Packing Company or of its subsidiary corporations.

NINE

When Widow is not Entitled to Pension

The widow of an employe who shall have married him after he reached the age of fifty (50) years, or the widow of a pensioner who shall have married him after he was pensioned, or their children, shall not be entitled to a pension.

TEN

Assignment of Pensions

No pension paid under this plan is assignable, nor shall pensions be subject to attachment or other legal process for debts of beneficiaries.

ELEVEN

Cancellation of Pensions

Pensions may be suspended or terminated in case of misconduct on the part of the beneficiaries or for other cause sufficient in the judgment of the Board to warrant such action. The Board may at its discretion reinstate the pension of any person whose pension shall have been so suspended or terminated.

TWELVE

Employment of Pensioner

The acceptance of a pension shall not bar any former employe from engaging in business provided it is not of the same character as the business of the Company nor in any way detrimental to its interests.

THIRTEEN

Amendments to Rules

The Board, subject to the approval of the Directors may alter, add to or amend any rule or regulation governing pensions.

FOURTEEN

No Contractual Rights Conferred

The establishment of this pension plan is intended only to declare the present policy of the Company and to give authority and instructions to the officers of the Company to carry out such policy and neither the establishment of this plan nor the granting of a pension, nor any other action now or hereafter

taken by the Board, or by the officers of the Company, shall be held or construed to create a contract or to give to any officer, agent or employee a right to be retained in the service, or any right to any pension allowance and the Company expressly reserves, unaffected hereby, its right to discharge without liability, other than for salary or wages due and unpaid, any employee whenever the interest of the Company may in its judgment so require.

FIFTEEN

Health Report of Pensioner--Account of Disability

Male employees who have been pensioned before attaining the age of sixty (60) years and female employees who have been pensioned before attaining the age of fifty (50) years, on account of permanent total disability, shall on the 30th of December of each year furnish the Board a certificate from a reputable physician as to the state of his or her health at that time.

SIXTEEN

Re-Employment

A pensioner on account of disability, may be required to re-enter active service of the Company if in the judgement of the Board the condition of his or her health warrants such action and in the event of his or her failure to do so upon proper notice, his or her pension may be suspended or terminated.

SEVENTEEN

Definition of Terms

Wherever in this plan the following words occur without qualifications, they shall have the meaning herein given:

"Directors" shall mean the Board of Directors of Swift & Company, or of its successors or assigns. "Board" shall mean the Pension Board formed for the purpose of carrying out the provisions of this plan.

"Fund" shall mean the Pension Fund established under the conditions of this plan. "Company" shall mean Swift & Company, its successors or assigns. "Employees" shall mean officers and employees of Swift & Company or of its subsidiary corporations.

EIGHTEEN

Retirement of Officers

The provisions of Clause Four A (4A) as to the retiring age shall not be mandatory in the case of officers of the Company or of its subsidiary corporations.

NINETEEN

Demands in Excess of Income

Whenever it may be found that the basis named for pensions shall create total liabilities in excess of the annual income of the fund increased by such additional contributions as may be made by the Company from time to time, a new basis may be adopted reducing the pensions theretofore or thereafter granted so as to bring the total expenditure within the limitations fixed by the Directors. Notice of such new basis shall be given before the beginning of the year in which it may be decided to put the same into effect.

TWENTY

Enactment of Pension Laws

In case any benefit or pension shall be payable under the laws now in force or hereafter enacted, of any State or Country, to any employe of the Company or his or her beneficiaries under such laws, the excess only, if any, of the amount prescribed in this plan, above the amount of such benefit or pension prescribed by law, shall be the benefit or pension payable under this plan.

WESTINGHOUSE ELECTRIC ANNUITY PLAN

Trusted Plan

The Westinghouse Electric & Manufacturing Company (hereinafter called the "Company") has adopted a new Retirement System, constructed on a scientific reserve basis, which provides for voluntary co-operation of employees, and is contractual so as to be dependable as long as the Plan remains in force. The plan is called the "Westinghouse Electric Annuity Plan."

For the purpose of administering the funds and operating the Plan, the Company, by an Indenture of Trust, has created a Trust, into which it has deposited certain sums and annually will deposit additional sums, actuarially calculated to be sufficient to pay at maturity the Service Annuity Units, which the Company causes to be issued to the employees by the Trustees hereinafter mentioned, in accordance with the Plan. All sums deposited by the Company with the Trustees shall constitute a separate trust fund to be used only for purposes specified in the Indenture of Trust.

The employees have the privilege of buying, under advantageous terms, annuities for themselves from the Equitable Life Assurance Society of the United States (hereinafter called the "Insurance Company").

Administration

By the Indenture of Trust, the trusteeship is vested in five Trustees, who are authorized to administer and operate the Trust and the Plan.

Service Annuities

A Service Annuity Unit is one unit of retirement income and yields one dollar (\$1) per month beginning at normal retirement age and contin-

Source: Westinghouse Electric Annuity Plan (1929). This plan superseded the company's original plan established in 1914. In a letter introducing the new plan to employees, the company's president wrote,

This pension system [1914] has now been superseded, and in its place we present the Westinghouse Electric Annuity Plan, established on an actuarial reserve basis, and with a feature included through which any employee may secure additional retirement income by making contributory payments distributed throughout his employment period. (Westinghouse Electric Annuity Plan, 1929, p. 2.)

uing for life.

Company Annuity Units

As a reward for length of service and as its share towards an employee's retirement income, the Company will cause the Trustees to issue to him, for each year of service to normal retirement age, except the first year, from one to six Service Annuity Units according to his salary class, which only mature if the holder of these Units continues in the Company's employ until normal retirement age. The Service Annuity Units the Company provides are called "Company Annuity Units" and certificates will be issued to employees therefor.

Salary Classification

The salary classes into which the employees are classified and the number of Company Annuity Units the Company will provide for each year of service, are as follows:

Salary Class	Yearly Wages	Number of Company Annuity Units	Salary Class	Yearly Wages	Number of Company Annuity Units
A	\$1500 & under	1	F	\$3901--\$4500	3 1/2
B	\$1501--\$2100	1 1/2	G	\$4501--\$5100	4
C	\$2101--2700	2	H	\$5101--\$6300	4 1/2
D	\$2701--\$3300	2 1/2	I	\$6301--\$7500	5
E	\$3301--\$3900	3	J	\$7501 & over	6

Employee Annuity Units

Each employee is given the privilege of buying, each year, from the Insurance Company, at the rates hereinafter specified, Service Annuity Units (hereinafter referred to as "Employee Annuity Units").

The Insurance Company will issue certificates to the employees covering the Employee Annuity Units which the employees buy for themselves.

The specified income under an Employee Annuity Unit is the same as the income under a Company Annuity Unit, but there are certain provisions

applicable only to the Employee Annuity Units, viz.:

- (1) In case an employee dies or ceases to be employed by the Company prior to reaching retirement age, the full amount paid by him for an Employee Annuity Unit is returned with compound interest at the rate of 3 1/2 % per annum (interest being credited at the end of the completed year during which payments have been made, on payments and accrued interest on hand at the end of the preceding year), less a cancellation charge of 3 1/2 % for any employee who withdraws within two years after the purchase of his first Employee Annuity Unit. There will be no cancellation charge for any employee who withdraws more than two years after he has purchased his first Employee Annuity Unit;
- (2) In case an employee ceases to be employed by the Company prior to reaching retirement age, in lieu of the cash payment above referred to, he may elect to receive a paid-up annuity beginning at the normal retirement age;
- (3) The income from Employee Annuity Units may be larger than the specified amount, because of extra interest earned by the Insurance Company;
- (4) An employee, upon reaching retirement age, may elect to obtain in lieu of the annuity purchased by him under the Plan, the following forms of annuity for an amount, the mathematical equivalent of the amount of the annuity purchased under the Plan, viz.:
 - (a) Refund Annuity form--guaranteeing payments until an amount equal to the death or withdrawal benefits at time of retirement has been disbursed; or
 - (b) Joint and Survivor Annuity form--guaranteeing continuation of payments as long as either pensioner or named beneficiary lives.

Bonus Units

Every employee who buys in any annuity year after the effective date of this Plan, Employee Annuity Units to a number not less than the scheduled number of Company Annuity Units that the Company provides for him for said year will receive, as a bonus from the Trustees, one-fourth of a Company Annuity Unit for each Company Annuity Unit the Company provides for him for said year, excluding the bonus units and reckoning only future service and not past service.

Eligibility

All employees, both men and women, who on May 1, 1929 were under 70 years of age, are eligible to participate in the Plan after a waiting period of one year. In determining the number of Company Annuity Units an employee is entitled to receive, this waiting period is not counted.

Normal Retirement Age

The transition from the present retirement age, which is 70, to the desired normal retirement age, which is 65, will be gradual. Normal Retirement age is:

70 years for employees who on May 1, 1929, were 65 to 69 years inclusive
69 years for employees who on May 1, 1929, were 60 to 64 years inclusive
68 years for employees who on May 1, 1929, were 55 to 59 years inclusive
67 years for employees who on May 1, 1929, were 50 to 54 years inclusive
66 years for employees who on May 1, 1929, were 45 to 49 years inclusive
65 years for employees who on May 1, 1929, were 44 years and under.

What an Employee Pays

He makes monthly deposits, and completes the purchase of Employee Annuity Units each year. After his first monthly deposit, an employee receives an Employee Annuity Certificate as evidence of his participation in the purchase of Employee Annuity Units. After he has completed payment for the first Employee Annuity Units he has purchased or at the end of his first deposit year, the employee receives an Employee Annuity Unit Record Slip, and, annually thereafter, cumulative Record Slips evidencing the subsequent purchases by him of additional Employee Annuity Units, completing the transaction each year. The employee pays for the Employee Annuity Units he purchases at the rate for his age at nearest birthday at the beginning of each annuity year.

The rates per Employee Annuity Unit are the Group Annuity rates of the Insurance Company. The monthly deposits, required of men and women to purchase an Employee Annuity Unit, yielding a monthly income of One Dollar (\$1.00) beginning at retirement age, are as follows: [see following pages]

The rates are subject to change. Any change in the rates would, of course, apply only to Employee Annuity Units purchased after the date of such change. The Insurance Company guarantees that these rates will not be increased with respect to Employee Annuity Units which might be purchased by employees entering the Plan during the five year period dating from the Register date of the Contract with the Insurance Company.

Retirement Age 65

Attained Age	Men	Women	Attained Age	Men	Women
20	\$1.86	\$2.11	45	\$4.95	\$5.64
21	1.93	2.20	46	5.15	5.86
22	2.01	2.29	47	5.36	6.10
23	2.09	2.38	48	5.57	6.34
24	2.17	2.47	49	5.79	6.59
25	2.26	2.57	50	6.03	6.86
26	2.35	2.67	51	6.27	7.13
27	2.44	2.78	52	6.52	7.42
28	2.54	2.89	53	6.78	7.71
29	2.64	3.01	54	7.05	8.02
30	2.75	3.13	55	7.33	8.30
31	2.86	3.25	56	7.58	8.53
32	2.97	3.38	57	7.80	8.78
33	3.09	3.52	58	8.02	9.03
34	3.22	3.66	59	8.26	9.29
35	3.35	3.81	60	8.49	9.56
36	3.48	3.96	61	8.74	9.84
37	3.62	4.12	62	9.00	10.13
38	3.76	4.28	63	9.26	10.43
39	3.91	4.45	64	9.56	10.72
40	4.07	4.63			
41	4.23	4.82			
42	4.40	5.01			
43	4.58	5.21			
44	4.76	5.42			

Employees' Deposits

An employee makes an application for the number of Employee Annuity Units he wishes to purchase and in his application authorizes and requests the Company to deduct from his wages the amount required to pay for said Employee Annuity Units and to deposit the same with the Insurance Company.

What an Employee Receives

He receives from the Company, without cost, the number of Company Annuity Units stated in the schedule. He can buy Employee Annuity Units from the Insurance Company, and if he buys as many Employee Annuity Units

Retirement Age 66

Attained Age	Men	Women	Attained Age	Men	Women
45	\$4.60	\$5.25	55	\$6.81	\$7.78
46	4.76	5.46	56	7.08	8.04
47	4.98	5.68	57	7.37	8.27
48	5.17	5.91	58	7.62	8.51
49	5.38	6.15	59	7.83	8.76
50	5.60	6.39	60	8.06	9.01
51	5.82	6.65	61	8.29	9.27
52	6.05	6.91	62	8.53	9.54
53	6.30	7.19	63	8.78	9.82
54	6.55	7.48	64	9.04	10.11
			65	9.29	10.40

Retirement Age 68

Attained Age	Men	Women	Attained Age	Men	Women
55	\$5.88	\$6.74	60	\$7.11	\$7.98
56	6.11	7.01	61	7.32	8.21
57	6.36	7.29	62	7.53	8.45
58	6.61	7.54	63	7.74	8.69
59	6.88	7.76	64	7.97	8.95
			65	8.20	9.21
			66	8.44	9.48
			67	8.69	9.78

for himself as the number of Company Annuity Units, excluding Bonus Units, the Company provides for him, he receives extra Company Annuity Units as a bonus, reckoning only future service and not past service.

For example: He is 34 years old; he is in Class A; his wage is \$100 per month. The Company gives him one Company Annuity Unit per year for 30 years, not counting his first year of service. If he buys one Employee Annuity Unit per year for himself, he gets 7 1/2 Company Annuity Units extra as bonus. Thus at the age of 65 he will have 67 1/2 Units, which will yield him a life income of \$67.50 per month. If he should buy up to 30 more Employee Annuity Units, this would make his monthly income for life \$97.50. Any employee can easily count how many Company

Retirement Age 67*

Attained Age	Men	Women	Attained Age	Men	Women
50	\$5.30	\$5.95	60	\$7.56	\$8.48
51	5.40	6.19	61	7.78	8.73
52	5.62	6.44	62	8.01	8.98
53	5.85	6.70	63	8.24	9.25
54	6.08	6.97	64	8.48	9.52
55	6.32	7.24	65	8.73	9.80
56	6.57	7.53	66	8.98	10.09
57	6.84	7.79			
58	7.11	8.01			
59	7.35	8.24			

Retirement Age 69

Attained Age	Men	Women	Attained Age	Men	Women
60	\$6.65	\$7.58	65	\$7.70	\$8.74
61	6.87	7.80	66	7.93	9.00
62	7.07	8.02	67	8.16	9.26
63	7.27	8.26	68	8.40	9.51
64	7.48	8.49			

Units his schedule entitles him to receive. Of course, if he advances into higher salary classes, the number of his Company Annuity Units increases.

If Employees Die or Leave the Service

If an employee dies or ceases to be an employee before retirement age, the full amount he paid for his Employee Annuity Units, plus 3 1/2 % interest, compounded, less cancellation charges, if any, is returned to him or to his estate, and the Company Annuity Units he has received from the Company are automatically cancelled.

*These figures are correct. The tables for ages 67 and 68 are merely out of order as a result of this transcription.

Retirement Age 70

Attained Age	Men	Women
65	\$7.23	\$8.21
66	7.44	8.44
67	7.65	8.69
68	7.88	8.95
69	8.11	9.20

The company reserves the right to dispense with the services of an employee at any time, but if the Company finds it necessary, or desirable, to dispense with the services of an employee who has been continuously employed for twenty-five years or more, and who has not yet reached the retirement age, the Company will continue in force the Company Annuity Units held by the employee so that upon reaching the retirement age he may receive the annuities represented by his Company Annuity Units.

Continuous Service

If an employee leaves or is discharged and re-enters the service, the years prior to re-entry are not counted as continuous service, except absence due to involuntary separation from the service not exceeding one year, in which event the period of absence is deducted, but prior service counts to his credit.

Temporary Absences

Temporary absence is any time during which an employee, though still in the employ of the Company, is not receiving wages, salary or relief benefits. No time less than one month shall be considered an absence.

In the event of temporary absence, Company Annuity Units will be issued pro rata, dependent upon the length of active service during the annuity year, and the employee will receive such number of Company Annuity Units which, with fractional Units, if any (to be issued only in fractions of one-quarter of a Unit or multiples thereof) will be an amount nearest to the exact proportion of which he is entitled.

Employee Annuity Units for which application has been made are scheduled to be paid for within the same annuity year. If absence prevents continuous regular payments, an adjustment will be made by issuing a fractional Unit.

When Income Begins

All Service Annuity Units, both Company and Employee, mature and income from them begins at normal retirement age, at which age employees automatically retire.

This rule may be suspended by special action, if an employee's retirement is brought up for review by the officers of the Company, who will decide whether it will be to the mutual advantage of the Company and the employee for him to retire or continue at work. If he continues in service, it is under a new wage contract, taking into consideration the retirement income from the Company Annuity Units.

This rule likewise may be suspended by special action and an employee brought up for review previous to his scheduled retirement age. If he is retired earlier than his regular retirement age, the annuity income from his Company and Employee Annuity Units will be the amount which is the actuarial equivalent for retirement at his then age.

When Company Certificates Are Issued

During the first year after the Plan starts, certificates for Company Annuity Units will be issued covering past years of service based on salary classifications as shown by past salary records, and annually thereafter covering current service. An employee receives his certificates in the month which marks the anniversary of his entrance into the service. For example, if his service started in April, his annuity year runs from April to April, and his certificates will be issued in April of each year.

Joint and Survivor Annuities

When Units mature an employee has the option of converting the Company Annuity Units he gets from the Company and the Employee Annuity Units he buys for himself, respectively, into a Joint and Survivor Annuity, so that after he dies, income will continue to his widow as long as she may live. He does this by taking a less amount of income. The same privilege is available to women employees. The amount of income on the joint plan depends upon the difference in age of the husband and wife.

Assignments

No assignment of any right in an employee's annuity income will be valid or recognized by the Trustees or by the Insurance Company.

If Annuitant Is Incompetent

In case of incompetency or inability of the employee to handle his own affairs, payment on Company Annuity Units may be made, for the

use and benefit of the employee, to some member of the employee's family or other persons selected by the Trustees.

Annuities and Workmen's Compensation

The amount payable on Company Annuity Units to a retired employee for any month may be reduced by any payment made to him by the Company in such month under the provisions of any Workmen's Compensation Law.

Pension Laws

If the Federal Government, or any state or county in which the Company operates has or shall have in the future a pension law, to the support of which the Company contributes, the amounts payable under Company Annuity Units to any employee shall be only the amount, if any, by which the amounts payable under said Company Annuity Units shall from time to time exceed the amount payable to such employee under such law.

Guarantee

The Company guarantees the payment by the Trustees, in accordance with the terms and provisions of this Plan, of all Company Annuity Units issued under the Plan by the Trustees.

The New Plan and the Old

This new Service Annuity Plan replaces the old pension plan and applies to all employees who on May 1, 1929 were under 70 years of age. It provides on the average approximately the same annuity benefits and it gradually reduces retirement age from 70 to 65 years; adds the security of a Reserve Fund; and offers employees the opportunity to purchase annuities themselves.

Present Pensioners

All pensions awarded under the old Plan will be paid by the Trustees of the new Plan out of a reserve fund provided for this purpose.

Interpretation

The Trustees' interpretation of this Plan and of the rules and regulations thereof and of the Indenture of Trust shall be final and conclusive upon all parties.

The Plan's Future

The Company not only desires but expects the new Plan to be permanent but, the Company reserves the right to modify the Plan or withdraw from the Plan and discontinue or suspend the distribution of Units in the future, just as any employee has the right to stop buying Units for

himself. However, all the Company Annuity Units issued up to the time of such action will be honored at maturity. If conditions compel the Company's withdrawal temporarily or permanently, it may be possible to make an arrangement with the Insurance Company for the continuance of the Plan with respect to annuities purchased by employees.

Reward for Service

The Company considers the Service Annuities as a reward for long and loyal service, and expresses its appreciation in this form. The Company trusts that the employees will co-operate to increase their retirement income by buying annuities for themselves.

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